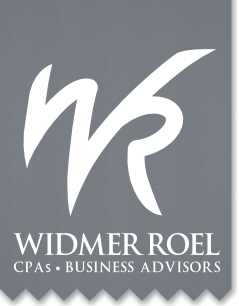


TURTLE MOUNTAIN ANIMAL RESCUE

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

WITH INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Turtle Mountain Animal Rescue
Rolla, North Dakota

We have audited the accompanying financial statements of **Turtle Mountain Animal Rescue**, which comprise the statement of financial position as of December 31, 2020, 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 of 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 qualified audit opinion.

Basis for Qualified Opinion

Turtle Mountain Animal Rescue receives contributions that support its programs. We were unable to obtain sufficient appropriate audit evidence about the nature of the contributions for the year ended December 31, 2020, as the Organization does not have adequate records that identify and track donor restricted contributions. Consequently, we were unable to determine whether any adjustments to net assets were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **Turtle Mountain Animal Rescue** as of December 31, 2020, 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.

A handwritten signature in black ink, appearing to read "William Rowe" with a stylized flourish at the end.

Fargo, North Dakota
February 18, 2022

TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 1,107,349
Property and equipment, net	<u>111,737</u>
Total assets	<u>\$ 1,219,086</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 33,099
Accrued expenses	5,125
Paycheck Protection Program Loan	<u>15,000</u>
Total liabilities	<u>53,224</u>

NET ASSETS

Without donor restrictions	<u>1,165,862</u>
Total liabilities and net assets	<u>\$ 1,219,086</u>

TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 1,163,106	\$ -	\$ 1,163,106
Adoption application fee	21,375	-	21,375
Interest revenue	1,229	-	1,229
Merchandise sales	<u>29,787</u>	<u>-</u>	<u>29,787</u>
Total support and revenues	<u>1,215,497</u>	<u>-</u>	<u>1,215,497</u>
 Expenses			
Program services	374,997	-	374,997
Management and general	<u>69,870</u>	<u>-</u>	<u>69,870</u>
Total expenses	<u>444,867</u>	<u>-</u>	<u>444,867</u>
 CHANGE IN NET ASSETS	 770,630	 -	 770,630
NET ASSETS, Beginning of year	<u>395,232</u>	<u>-</u>	<u>395,232</u>
NET ASSETS, End of year	<u>\$ 1,165,862</u>	<u>\$ -</u>	<u>\$ 1,165,862</u>

TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 114,319	\$ -	\$ -	\$ 114,319
Payroll taxes	8,826	-	-	8,826
Employee benefits	10,569	-	-	10,569
Advertising	330	-	-	330
Auto expense	9,551	-	-	9,551
Bank charges	-	14,731	-	14,731
Cellphone	-	2,587	-	2,587
Contract labor	2,772	-	-	2,772
Depreciation	10,778	-	-	10,778
Disaster rescue	820	-	-	820
Dog training	535	-	-	535
Donation fees	44	-	-	44
Dues and subscriptions	1,600	925	-	2,525
Engineer	2,550	-	-	2,550
Fuel	-	15,339	-	15,339
Fundraising expense	-	745	-	745
Insurance	-	6,922	-	6,922
Interest	-	140	-	140
Legal and professional services	-	3,111	-	3,111
Merchandise	11,283	-	-	11,283
Payroll fee	6,854	-	-	6,854
Postage and shipping	-	6,914	-	6,914
Reimbursable expenses	15,573	-	-	15,573
Repairs and maintenance	12,373	-	-	12,373
Storage	800	-	-	800
Supplies	77,962	-	-	77,962
Travel and entertainment	-	18,456	-	18,456
Utilities	4,620	-	-	4,620
Veterinary	82,838	-	-	82,838
	<u>374,997</u>	<u>69,870</u>	<u>-</u>	<u>444,867</u>
Total expenses	\$ <u>374,997</u>	\$ <u>69,870</u>	\$ <u>-</u>	\$ <u>444,867</u>

TURTLE MOUNTAIN ANIMAL RESCUE.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 770,630
Adjustments to reconcile change in net assets to cash provided by operating activities	
Adjustment to accumulated depreciation	(28,164)
Depreciation	10,778
Changes in assets and liabilities:	
Other assets	6,500
Accounts payable	33,099
Accrued expenses	<u>3,454</u>
Net cash provided by operating activities	<u>796,297</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(65,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program loan	<u>15,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	745,850
CASH AND CASH EQUIVALENTS, Beginning of year	<u>361,498</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 1,107,348</u></u>

TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Turtle Mountain Animal Rescue (the “Organization”) is a North Dakota nonprofit organization established to help mistreated animals in an underserved community where veterinary access is sparse. The Organization works hand in hand with independent rescuers within the community to help save animals and shape local attitudes toward strays, encouraging responsible pet ownership and advocating for the humane treatment of animals. The Organization’s main sources of revenues include contributions and revenue from adoptions.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Board-designated net assets are without donor restrictions and are reported as a part of the net assets without donor restriction class.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash deposits exceeded Federal Deposit Insurance Corporation limits during the year ended December 31, 2020. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk in cash.

Revenue Recognition

The Organization’s primary sources of revenue come from contributions and adoption fees. The Organization recognizes contributions when cash is received. Due to contributions being both voluntary and nonreciprocal, they do not fall under ASU No. 2014-09, “*Revenue from Contracts with Customers* (Topic 606)”. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give as of December 31, 2020. The adoptions would be subject to ASU 2014-09; however, they are not contractual in nature. There is no financing option or deferred revenue related to the adoption fees. The adoption revenue is recorded when it is received.

TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Property and Equipment

Property and equipment is carried at cost. Expenditures for maintenance and repairs are charged to expense as incurred. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is computed using the straight-line method over the estimated useful life of 5 years.

Income Taxes

The Organization is considered a publicly supported organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. This exempt status will continue in effect provided that the Organization does not change its purpose, character or method of operation.

Advertising

Advertising costs are expensed as incurred.

Use of Estimates

The preparation 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. Actual amounts could differ from those estimates.

Functional Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated based on specific identification.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization's financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Current assets available for use	
Cash and cash equivalents without donor restrictions	\$ <u><u>1,107,349</u></u>

TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

Construction in progress	\$	38,031
Equipment		15,775
Land		23,985
Vehicles		<u>53,610</u>
		131,401
Accumulated depreciation		<u>(19,664)</u>
	\$	<u><u>111,737</u></u>

NOTE 4 – ACCRUED EXPENSES

Accrued expenses consisted of the following at December 31:

Accrued payroll liabilities	\$	559
Sales tax payable		4,165
NDDR payable		<u>401</u>
	\$	<u><u>5,125</u></u>

NOTE 5 – PAYCHECK PROTECTION PROGRAM

The Organization was granted a promissory note of \$15,000 through the Paycheck Protection Program of the U.S. Small Business Administration established through the CARES Act. The total amount of the loan and any interest was forgiven in June 2021.

NOTE 6 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 18, 2022, the date, which the financial statements were available to be issued. The Organization is in the process of constructing a new shelter building at an estimated cost of \$2.9 million. The Organization is in the process of raising funds for the new shelter.