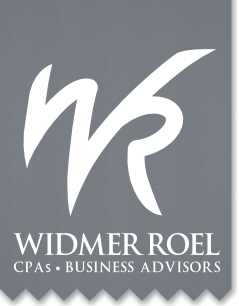


TURTLE MOUNTAIN ANIMAL RESCUE

**FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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

Qualified Opinion

We have audited the financial statements of **Turtle Mountain Animal Rescue**, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of **Turtle Mountain Animal Rescue** as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Turtle Mountain Animal Rescue receives contributions that support its programs. Of the material accounts, we were unable to obtain sufficient appropriate audit evidence about the nature of the contributions for the years ended December 31, 2021 and 2020, as the Organization does not have adequate records that identify and track donations with and without donor restrictions. Additionally, we were unable to obtain complete support for capital asset purchases. Consequently, we were unable to determine whether fixed asset additions are accurate and whether any adjustments to revenues or net assets were necessary.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 **Turtle Mountain Animal Rescue** and to meet our other 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 qualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 **Turtle Mountain Animal Rescue's** ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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 our 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 GAAS will always detect a material misstatement when it 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such 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 **Turtle Mountain Animal 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 management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Turtle Mountain Animal 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.



Fargo, North Dakota
January 11, 2023

TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
Cash and cash equivalents	\$ 1,933,560	\$ 1,107,349
Prepays	5,614	-
Property and equipment, net	652,894	111,737
Total assets	\$ 2,592,068	\$ 1,219,086
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 138,026	\$ 33,099
Accrued expenses	15,199	5,125
Paycheck Protection Program Loan	-	15,000
Total liabilities	153,225	53,224
NET ASSETS		
Without donor restrictions	2,438,843	1,165,862
Total liabilities and net assets	\$ 2,592,068	\$ 1,219,086

TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
SUPPORT AND REVENUES		
Contributions	\$ 1,831,537	\$ 1,163,106
Adoption application fee	34,018	21,375
Interest revenue	1,790	1,229
Merchandise sales	54,934	29,787
Total support and revenues	1,922,279	1,215,497
EXPENSES		
Program services	613,571	374,997
Management and general	50,727	69,870
Total expenses	664,298	444,867
Other income		
Payroll protection program loan forgiveness	15,000	-
CHANGE IN NET ASSETS	1,272,981	770,630
NET ASSETS, Beginning of year	1,165,862	395,232
NET ASSETS, End of year	\$ 2,438,843	\$ 1,165,862

TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 196,903	\$ -	\$ -	\$ 196,903
Payroll taxes	19,485	-	-	19,485
Employee benefits	11,191	-	-	11,191
Advertising	1,385	-	-	1,385
Auto expense	44,386	-	-	44,386
Bank charges	-	8,148	-	8,148
Cellphone	-	4,074	-	4,074
Contract labor	390	-	-	390
Depreciation	17,233	-	-	17,233
Disaster rescue	5,867	-	-	5,867
Dog training	1,432	-	-	1,432
Donation fees	350	-	-	350
Dues and subscriptions	2,329	1,368	-	3,697
Education and training	1,548	-	-	1,548
Insurance	-	13,269	-	13,269
Legal and professional services	-	20,654	-	20,654
Merchandise	51,994	-	-	51,994
Postage and shipping	-	694	-	694
Property tax	171	-	-	171
Repairs and maintenance	12,618	-	-	12,618
Storage	2,604	-	-	2,604
Supplies	84,338	-	-	84,338
Travel and entertainment	-	2,520	-	2,520
Utilities	12,289	-	-	12,289
Veterinary	147,058	-	-	147,058
	<u>613,571</u>	<u>50,727</u>	<u>-</u>	<u>664,298</u>
Total expenses	\$ <u>613,571</u>	\$ <u>50,727</u>	\$ <u>-</u>	\$ <u>664,298</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	10,569	-	-	10,569
Employee benefits	8,826	-	-	8,826
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	-	745	-	745
Insurance	-	6,922	-	6,922
Interest expense	-	140	-	140
Legal and professional services	-	3,111	-	3,111
Merchandise	11,283	-	-	11,283
Payroll expenses	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> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>374,997</u>	\$ <u>69,870</u>	\$ <u>-</u>	\$ <u>444,867</u>

TURTLE MOUNTAIN ANIMAL RESCUE.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,272,981	\$ 770,630
Adjustments to reconcile change in net assets to cash provided by operating activities		
Adjustment to accumulated depreciation	-	(28,164)
Depreciation	17,233	10,778
Changes in assets and liabilities:		
Other assets	-	6,500
Prepaid expenses	(5,614)	-
Accounts payable	104,927	33,099
Accrued expenses	<u>10,074</u>	<u>3,455</u>
Net cash provided by operating activities	<u>1,399,601</u>	<u>796,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(558,390)</u>	<u>(65,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	15,000
Paycheck Protection Program loan forgiveness	<u>(15,000)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(15,000)</u>	<u>15,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	826,211	745,851
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,107,349</u>	<u>361,498</u>
CASH AND CASH EQUIVALENTS, End of year	\$ <u><u>1,933,560</u></u>	\$ <u><u>1,107,349</u></u>

TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 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, 2021. 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 and 2021. 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 YEARS ENDED DECEMBER 31, 2021 AND 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 as of December 31:

	2021	2020
Current assets available for use		
Cash and cash equivalents without donor restrictions	\$ <u>1,933,560</u>	\$ <u>1,107,349</u>

TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Construction in progress	\$ 433,002	\$ 38,031
Equipment	15,775	15,775
Land	23,985	23,985
Vehicles	96,510	53,610
Buildings	<u>120,519</u>	<u>-</u>
	689,791	131,401
Accumulated depreciation	<u>(36,897)</u>	<u>(19,664)</u>
	<u>\$ 652,894</u>	<u>\$ 111,737</u>

NOTE 4 – ACCRUED EXPENSES

Accrued expenses consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Accrued payroll liabilities	\$ 1,808	\$ 559
Sales tax payable	13,391	4,165
NDDR payable	<u>-</u>	<u>401</u>
	<u>\$ 15,199</u>	<u>\$ 5,125</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 January 11, 2023, 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.