

TURTLE MOUNTAIN ANIMAL RESCUE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



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**TURTLE MOUNTAIN ANIMAL RESCUE
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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Turtle Mountain Animal Rescue
Rolla, North Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Turtle Mountain Animal Rescue, (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, 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 in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 audit opinion.

Emphasis-of-Matter Regarding a Correction of an Error

As described in Note 5 to the financial statements, the Organization has restated its net assets as of January 1, 2023 to reflect adjustments to properly record net assets with donor restrictions, contributions receivable, accounts payable, accruals, inventory and cash and cash equivalents. Our opinion is not modified with respect to these matters.

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.

Auditors' 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 auditors' 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 20, 2024

**TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS

Cash and Cash Equivalents	\$ 1,397,619
Certificates of Deposit	484,257
Accounts Receivable	6,125
Prepaid Expenses	14,141
Inventory	17,904
Property and Equipment, Net	<u>2,065,267</u>
Total Assets	<u><u>\$ 3,985,313</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 49,354
Accrued Expenses	11,624
Total Liabilities	<u>60,978</u>

NET ASSETS

With Donor Restrictions	398,924
Without Donor Restrictions	<u>3,525,411</u>
Total Net Assets	<u><u>3,924,335</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,985,313</u></u>

See accompanying Notes to Financial Statements.

**TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions - Cash	\$ 1,346,822	\$ 362,561	\$ 1,709,383
Contributions - In-Kind	64,391	-	64,391
Adoption Application Fee	80,525	-	80,525
Interest Revenue	22,425	-	22,425
Merchandise Sales, Net	13,597	-	13,597
Miscellaneous Revenue	5,065	-	5,065
Net Assets Released from Restrictions	106,178	(106,178)	-
Total Support and Revenues	1,639,003	256,383	1,895,386
EXPENSES			
Program Services	763,081	-	763,081
Management and General	205,278	-	205,278
Fundraising	64,982	-	64,982
Total Expenses	1,033,341	-	1,033,341
CHANGE IN NET ASSETS	605,662	256,383	862,045
Net Assets - Beginning of Year, as Previously Stated	3,049,590	-	3,049,590
Prior Period Adjustment	(129,841)	142,541	12,700
Net Assets - Beginning of Year, as Restated	2,919,749	142,541	3,062,290
NET ASSETS - END OF YEAR	\$ 3,525,411	\$ 398,924	\$ 3,924,335

See accompanying Notes to Financial Statements.

**TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses:				
Salaries and Wages	\$ 276,054	\$ 81,650	\$ 31,105	\$ 388,809
Payroll Taxes	18,820	5,567	2,121	26,508
Employee Benefits	3,470	6,940	6,940	17,350
Total Salaries and Related Expenses	<u>298,344</u>	<u>94,157</u>	<u>40,166</u>	<u>432,667</u>
Accounting	-	49,798	-	49,798
Veterinary Services	155,099	-	-	155,099
In-Kind Veterinary Services	39,500	-	-	39,500
Advertising	-	2,480	-	2,480
Office Expenses	18,010	13,091	899	32,000
Occupancy	11,093	3,281	1,250	15,624
Depreciation	39,628	11,721	4,465	55,814
Insurance	7,857	2,324	885	11,066
Travel	44,808	2,352	896	48,056
Information Technology	-	125	-	125
Repairs and Maintenance	46,437	13,735	5,232	65,404
Supplies	99,904	2,609	10,350	112,863
Miscellaneous	2,401	9,605	839	12,845
Total Expenses by Function	<u>\$ 763,081</u>	<u>\$ 205,278</u>	<u>\$ 64,982</u>	<u>\$ 1,033,341</u>

See accompanying Notes to Financial Statements.

**TURTLE MOUNTAIN ANIMAL RESCUE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 862,045
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	55,814
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(6,125)
Contributions Receivable	20,000
Inventory	(17,904)
Prepaid Expenses	(9,676)
Accounts Payable	20,747
Accrued Expenses	(2,661)
Net Cash Provided by Operating Activities	922,240

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Certificates of Deposit	(484,257)
Purchase of Property and Equipment	(678,435)
Net Cash Used by Investing Activities	(1,162,692)

CHANGE IN CASH AND CASH EQUIVALENTS

(240,452)

Cash and Cash Equivalents - Beginning of Year, As Restated

1,638,071

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,397,619

See accompanying Notes to Financial Statements.

**TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 of America (U.S. GAAP). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

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 represent funds over which the board of directors has discretionary control.

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-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

**TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit consist of any investments purchased with a maturity date of more than three months. These are recorded at cost plus accrued interest.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist of payments earned but not yet received. Management determines the allowance for credit losses based on historical experience, current economic conditions, forward-looking information and management's evaluation of individual outstanding receivables. All amounts are expected to be collected within one year. Based on this information, management believes that the Organization is likely to collect all receivables and no allowance is warranted as of December 31, 2023.

Contributions Receivable

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. The Organization received cost reimbursable grants of \$50,000 that have not been recognized at December 31, 2023, because qualifying expenditures have not yet been incurred. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without restriction when received unless the donor's intention is to support current-period activities. There were no contribution receivable concentrations for the year ended December 31, 2023.

Inventory

Contributions of donated materials that have not been used as of December 31, 2023 are recorded as inventory at the lower of their approximate current fair value or their approximate fair value at the date of the contribution. Inventory on hand as of December 31, 2023 consists primarily of pet toys, medical supplies, etc. for foster families.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 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 the straight-line method over the useful lives of the assets generally as follows:

Buildings	27.5 Years
Equipment	5 to 10 Years
Vehicles	5 Years

**TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease at inception. Leases are reported on the statement of financial position as a right-of-use (ROU) asset and lease liability.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

As of December 31, 2023, the Organization did not have any material leases.

Revenue Recognition

The Organization's primary sources of revenue come from contributions and adoption fees. The Organization recognizes adoption fee revenue at the point in time when adoption fees are received, which is concurrent with the adoption being completed. This is considered to be one performance obligation. There were no contract assets or liabilities as of December 31, 2023.

Contributions and grants are recognized as revenue in the period received or unconditionally promised, whichever is earlier. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Contributions are reclassified to net assets without donor restriction upon expiration of the restriction. There were no contribution concentrations for the year ended December 31, 2023.

**TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: In-Kind

For the year ended December 31, 2023, the donated goods and services were valued based on current rates of similar services and the approximate fair value of the supplies. They did not include any donor restrictions. For the year ended December 31, 2023, contributed nonfinancial assets recognized within the statement of activities included:

	Revenue Recognized	Utilization in Programs/ Activities
Veterinarian Services	\$ 39,500	Operations
Supplies	24,891	Operations
Total	\$ 64,391	

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. Income from certain activities not directly related to the Organization's tax-exempt purpose could result in taxable income. The Organization follows guidance in the income tax standard regarding the recognition of uncertain tax positions. The adoption of this standard had no impact on the Organization's financial statements. The Organization's tax returns are subject to review and examination by federal, state, and local authorities.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

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

Program

Activities performed by the Organization to fulfill its mission.

Fundraising

Activities performed by the Organization to generate funds to support its programs and operations.

**TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Management and General

All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. This includes expenses for the overall direction of the Organization, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, occupancy, supplies, and other expenses.

Expenses are charged to program services or supporting services based on direct expenditures incurred when possible. Expenses that benefit more than one function of the Organization as allocated among the functions based generally on estimates by management. The primary expenses that are allocated include salaries, payroll taxes, and benefits which are allocated on the basis of estimates of time and effort and office expenses, occupancy, insurance, travel, depreciation, repairs and maintenance and supplies which are allocated on the basis of nature and use of the assets owned.

Adoption of New Accounting Standards

The Organization has adopted Accounting Standards Updated (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have an impact on the Organization's financial statements but did not change how the allowance for credit losses is determined.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 20, 2024, the date which the financial statements were available to be issued.

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 statement of financial position date, comprise the following as of December 31, 2023:

Current Assets Available for Use:

Cash and Cash Equivalents	\$ 1,397,619
Certificates of Deposit	484,257
Accounts Receivable	6,125
Subtotal	<u>1,888,001</u>
Less: Donor-Imposed Restrictions	<u>(398,924)</u>
Total	<u>\$ 1,489,077</u>

**TURTLE MOUNTAIN ANIMAL RESCUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023:

Construction in Progress	\$ 1,737,179
Buildings	120,519
Equipment	49,977
Land	23,985
Vehicles	256,299
Total	<u>2,187,959</u>
Accumulated Depreciation	<u>(122,692)</u>
Total Property and Equipment	<u><u>\$ 2,065,267</u></u>

NOTE 4 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following as of December 31, 2023:

Geothermal	\$ 180,560
New Shelter	33,219
Pedigree	15,000
Greenhouse	17,504
Youth Center	117,397
Other	35,244
Total	<u><u>\$ 398,924</u></u>

NOTE 5 PRIOR PERIOD ADJUSTMENT

The following is a summary of the prior year adjustments for the year ended December 31, 2022.

	<u>As Restated</u>	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>
Cash and Cash Equivalents	\$ 1,638,071	\$ 1,616,443	\$ 21,628
Contributions Receivable	20,000	-	20,000
Accounts Payable	28,607	6,788	(21,819)
Accrued Expenses	14,285	7,176	(7,109)
Contributions	1,436,248	1,416,248	20,000
Total			<u><u>\$ 12,700</u></u>
Net Assets Without Donor Restrictions	\$ 2,919,749	\$ 3,049,590	\$ 129,841
Net Assets With Donor Restrictions	142,541	-	(142,541)
Total			<u><u>\$ (12,700)</u></u>



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