

TURNING POINTE DONKEY RESCUE, INC.

FINANCIAL STATEMENTS

December 31, 2016

Independent Auditors' Report

To the Board of Directors of
Turning Pointe Donkey Rescue, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Turning Pointe Donkey Rescue, Inc. (a Nonprofit Organization), which comprise the Statement of Financial Position as of December 31, 2016 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.

Auditors' 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 Turning Pointe Donkey Rescue, Inc. as of December 31, 2016, 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.

ShindelRock

August 9, 2018

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2016

ASSETS

Current Assets	
Cash	\$ 59,427
Prepaid Expenses	874
Other Assets	<u>97</u>
Total Current Assets	60,398
Property and Equipment	
Building	275,200
Land	68,800
Equipment	<u>32,765</u>
Total	376,765
Less Accumulated Depreciation	<u>(34,771)</u>
Net Property and Equipment	<u>341,994</u>
TOTAL ASSETS	<u><u>\$ 402,391</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	<u>\$ 83,200</u>
TOTAL LIABILITIES	83,200
Net Assets - Unrestricted	<u>319,191</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 402,391</u></u>

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

UNRESTRICTED NET ASSETS

Unrestricted Revenue, Gains and Other Support	
Contributions	\$ 844,829
Merchandise Sales, net	373
Rental Income (Loss), net	(4,875)
Interest Income	<u>1</u>
Total Unrestricted Revenue, Gains and Other Support	840,328
Expenses	
Program Services:	
Education and Training	48,205
Rescue and Rehabilitation	420,749
Supporting Services:	
Fund Raising	385,620
General Management	<u>42,431</u>
Total Expenses	<u>897,005</u>
Decrease in Unrestricted Net Assets	<u>(56,677)</u>
UNRESTRICTED NET ASSETS - Beginning of Year	<u>375,868</u>
UNRESTRICTED NET ASSETS - End of Year	<u><u>\$ 319,191</u></u>

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF FUNTIONAL EXPENSES

Year Ended December 31, 2016

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Education and Training</u>	<u>Rescue and Rehabilitation</u>	<u>Fundraising</u>	<u>General Management</u>	
Accounting Fees	\$ -		\$ -	\$ 9,687	\$ 9,687
Casual Labor	-	18,000	-	-	18,000
Depreciation	-	10,163	-	-	10,163
Donkey Purchases	-	139,354	-	-	139,354
Feed and Nutritional Supplements	-	33,316	-	-	33,316
Insurance - Non-employee	-	5,624	-	-	5,624
Legal and State Registration Fees	-	20	-	613	633
Merchant Credit Card and Bank Fees	-	-	-	5,728	5,728
Occupancy Expenses	-	2,213	-	-	2,213
Other Expenses	3,696	396	29,316	1,028	34,436
Postage, Shipping and Delivery	20,989	-	165,887	3,596	190,472
Printing and Copying	15,852	15	135,129	2,614	153,610
Professional Fees - Other	7,668	25	55,288	19,165	82,146
Repairs and Maintenance	-	1,642	-	-	1,642
Supplies	-	5,559	-	-	5,559
Transportation	-	31,801	-	-	31,801
Veterinary, Farrier, and Healthcare	-	172,621	-	-	172,621
Total Expense	<u>\$ 48,205</u>	<u>\$ 420,749</u>	<u>\$ 385,620</u>	<u>\$ 42,431</u>	<u>\$ 897,005</u>

The Accompanying Notes and Independent Auditors' Report
Should be Read with these Financial Statements

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

Cash Flows from Operating Activities

Decrease in Unrestricted Net Assets	\$ (56,677)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities	
Depreciation	15,618
Decrease in Operating Assets	
Decrease in Prepaid Assets	1,228
Decrease in Other Assets	339
Increase in Operating Liabilities	
Increase in Accounts Payable	25,962
Net Cash Used in Operating Activities	<u>(13,530)</u>

Cash Flows from Investing Activities

Payments for Equipment	<u>(4,450)</u>
Net Cash Used in Investing Activities	<u>(4,450)</u>
Net Decrease in Cash	<u>(17,980)</u>
Cash, Beginning of Year	<u>77,407</u>
Cash, End of Year	<u><u>\$ 59,427</u></u>

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Turning Pointe Donkey Rescue, Inc. (the “Organization”) is a Michigan not for profit organization operating in metropolitan Detroit. The Organization operates full service donkey and mule rescue, rehabilitation, and education. The Organization is supported primarily through donor contributions and adoption fees. The Organization uses the services of an independent fund raising services company to solicit funds through a direct mail campaign and to pay certain expenses.

Basis of Accounting - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates - The preparation of financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash - For purposes of the statement of cash flows, cash is comprised of the Organization’s cash in financial institutions. At various times throughout the year the Organization maintains a cash balance in excess of amounts insured by the Federal Depository Insurance Corporation. Management believes the risk associated with this concentration is minimal.

Net Assets - Net assets of the Organization are classified as follows:

Unrestricted Net Assets – net assets that are not subject to “donor-imposed” restrictions. Under a Board approved formula, a certain amount of unrestricted net assets may be designated for possible future projects.

Temporarily Restricted Net Assets – net assets subject to “donor-imposed” restrictions that may or will be met by actions of the Organization and/or the passage of time. Items that affect this net asset category are restricted contributions and grants. The Organization did not have any temporarily restricted net assets as of December 31, 2016.

Permanently Restricted Net Assets – net assets subject to “donor-imposed” restrictions that they be maintained in perpetuity. The Organization did not have any permanently restricted net assets as of December 31, 2016.

Property and Equipment - Purchased equipment is carried at cost. Donated buildings, land and equipment are carried at their estimated fair value at the date of donation. The Organization has no property and equipment acquired with explicit restrictions.

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED

Depreciation - Depreciation is computed using the straight-line method over the estimated useful life of the asset. The estimated useful lives are as follows:

Agricultural Buildings	20 years
Building	27.5 years
Equipment	5-7 years

Depreciation expense totaled \$15,618 for the year ended December 31, 2016.

Impairment of Long-Lived Assets - The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Contributed Services - No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization but these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses -The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service (“IRS”) as a corporation. Management of the Organization believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS generally for three years after they were filed.

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 2 – CONTINGENCY

The Organization is subject to certain claims arising in the ordinary course of business. In the opinion of management, the disposition of these claims will not have a material adverse effect on the financial position, results of operations or cash flows of the Organization.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Organization paid a member of the Board of Directors for services provided relating to the Organization's rescue and rehabilitation program services in the amount of \$18,000 for the year ended December 31, 2016, which is included in casual labor in the accompanying Statement of Functional Expenses. There were no board fees paid to board members.

NOTE 4 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 9, 2018 the date which the financial statements were available to be issued.