

TURNING POINTE DONKEY RESCUE, INC.

FINANCIAL STATEMENTS

December 31, 2018

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, 2018 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, 2018, 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.

Shindel Rock

July 31, 2019

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2018

ASSETS

Current Assets	
Cash	\$ 186,927
List Royalty Receivable	520
Inventory	2,270
Prepaid Expenses	<u>35,414</u>
Total Current Assets	225,131
Property and Equipment	
Building	275,200
Land	68,800
Equipment	<u>39,931</u>
Total	383,931
Less Accumulated Depreciation	<u>(66,278)</u>
Net Property and Equipment	<u>317,653</u>
TOTAL ASSETS	<u><u>\$ 542,784</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	<u>\$ 63,795</u>
TOTAL LIABILITIES	63,795
Net Assets	
Net Assets Without Donor Restrictions	<u>478,989</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 542,784</u></u>

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

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

Revenue, Gains and Other Support	
Contributions	\$ 784,973
Donated Goods	1,701
Merchandise Sales, net	725
Rental Income (Loss), net	(3,005)
Loss on Disposal of Assets	(1,429)
Interest Income, net	699
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Total Revenues, Gains and Other Support Without Donor Restrictions	783,664
Expenses	
Program Services:	
Education and Training	500
Rescue and Rehabilitation	189,955
Supporting Services:	
Fund Raising	277,665
General Management	63,349
Total Expenses	<hr/> 531,469 <hr/>
Increase in Net Assets Without Donor Restrictions	252,195
NET ASSETS - Beginning of Year	<hr/> 226,794 <hr/>
NET ASSETS - End of Year	<hr/> \$ 478,989 <hr/>

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF FUNTIONAL EXPENSES

Year Ended December 31, 2018

	Program Services		Supporting Services		Total
	Education and Training	Rescue and Rehabilitation	Fundraising	General Management	
Accounting Fees	\$ -	\$ -	\$ -	\$ 10,446	\$ 10,446
Casual Labor	-	2,603	-	-	2,603
Depreciation	-	10,756	-	147	10,903
Donkey Purchases	-	8,380	-	-	8,380
Feed and Nutritional Supplements	-	73,403	-	-	73,403
Insurance - Non-employee	-	1,980	-	-	1,980
Internet and Web Hosting	-	-	-	1,575	1,575
Legal and State Registration Fees	500	604	-	550	1,654
List Rental and Maintenance	-	-	16,751	389	17,140
Merchant Credit Card and Bank Fees	-	2	763	5,499	6,264
Occupancy Expenses	-	3,362	-	1,373	4,735
Other Expenses	-	3,138	7,565	1,151	11,854
Postage, Shipping and Delivery	-	-	132,348	3,483	135,831
Printing and Copying	-	-	79,105	2,479	81,584
Professional Fees - Other	-	-	41,133	36,257	77,390
Repairs and Maintenance	-	9,290	-	-	9,290
Supplies	-	6,974	-	-	6,974
Transportation	-	5,200	-	-	5,200
Travel	-	897	-	-	897
Veterinary, Farrier, and Healthcare	-	63,366	-	-	63,366
Total Expense	\$ 500	\$ 189,955	\$ 277,665	\$ 63,349	\$ 531,469

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

Cash Flows from Operating Activities

Increase in Net Assets	\$ 252,195
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	16,357
Loss on Disposal of Assets	1,429
Change in Operating Assets	
Decrease in Other Receivable	723
Increase in Prepaid Assets	(28,247)
Increase in Inventory	(2,270)
Change in Operating Liabilities	
Decrease in Accounts Payable	(99,270)
Decrease in Accrued Expenses	(5,912)
Net Cash Provided by Operating Activities	<u>135,005</u>

Cash Flows from Investing Activities

Payments for Equipment	<u>(9,073)</u>
Net Cash Used in Investing Activities	<u>(9,073)</u>

Net Increase in Cash 125,932

Cash, Beginning of Year 60,995

Cash, End of Year \$ 186,927

Supplementary Disclosure

Cash Paid for Interest \$ 137

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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 financial statements and the reported amounts of revenue and expense during the reporting period. Accordingly, 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. At December 31, 2018 the Organization had no uninsured balances.

Net Assets - The Organization did not have any net assets with donor restrictions as of December 31, 2018.

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.

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	3-7 years

Depreciation expense totaled \$16,357 for the year ended December 31, 2018.

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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

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 net assets with donor restrictions or net assets without donor restrictions depending on the existence and/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 however these services do not meet the criteria for recognition as contributed services.

Cost Allocation - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function in the statement of functional expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include professional fees, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis. List rental, legal, postage, and printing and copying are allocated based on invoices for costs incurred for fundraising, general management or program services.

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.

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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

Adoption of New Accounting Pronouncement - Effective January 1, 2018 the Organization adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The 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. Accordingly the Organization has adjusted the presentation of the financial statements. The main impacts of the adoption of the new accounting principle on the Organization are as follows:

Change in net assets classifications to two categories as follows: i) Without Donor Restrictions from Unrestricted and ii) With Donor Restrictions from Restricted. The Organization has no donor restricted assets and no permanently restricted net assets thus there was no impact on such reclassifications.

Provided new disclosures on liquidity and availability of resources.

The Organization continues to provide the statement of functional expenses reporting with expanded disclosure.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$32,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in a savings account.

The Organization has financial assets available within one year of the balance sheet date to meet cash needs for program and general expenditures consisting of cash of \$186,927. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

NOTE 3 – 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.

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

NOTE 4 – RELATED PARTY TRANSACTIONS

During 2018 the Board approved payment of compensation to the President and Treasurer. During the year ended December 31, 2018, the Organization paid the President compensation in the amount of \$1,500. The amount is included in casual labor in the accompanying Statement of Functional Expenses.

There were no board fees paid to board members.

NOTE 5 – CONCENTRATION

Approximately 18% of the Organization's support for the year ended December 31, 2018 came from one donor.

NOTE 6 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 31, 2019 the date which the financial statements were available to be issued.