

TURNING POINTE DONKEY RESCUE, INC.

FINANCIAL STATEMENTS

December 31, 2020

## **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, 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.

### **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, 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.

*Shindel Rock*

October 26, 2021

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF FINANCIAL POSITION  
Year Ended December 31, 2020

**ASSETS**

Current Assets	
Cash	\$ 221,727
Inventory	8,658
Prepaid Expenses	<u>4,250</u>
Total Current Assets	234,635
Property and Equipment	
Building	275,200
Land	68,800
Equipment	45,591
Vehicle	<u>20,123</u>
Total	409,714
Less Accumulated Depreciation	<u>(98,733)</u>
Net Property and Equipment	<u>310,981</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 545,616</u></u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts Payable	\$ 58,639
Accrued Liabilities	2,216
Accrued Payroll Taxes	1,201
Paycheck Protection Program Loan	<u>11,400</u>
<b>TOTAL LIABILITIES</b>	73,456
Net Assets	
Net Assets Without Donor Restrictions	<u>472,160</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 545,616</u></u></b>

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, 2020

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:**

Revenue, Gains and Other Support	
Contributions	\$ 1,287,624
In Kind Goods and Services	21,132
Merchandise Sales, net	401
Loss on Disposition of Property and Equipment	(178)
Interest Expense, net	<u>(242)</u>
<b>Total Revenues, Gains and Other Support Without Donor Restrictions</b>	<b>1,308,737</b>
Expenses	
Program Services:	
Education and Training	129,345
Rescue and Rehabilitation	367,017
Supporting Services:	
Fund Raising	672,760
General Management	<u>57,665</u>
Total Expenses	<u>1,226,787</u>
<b>Increase in Net Assets Without Donor Restrictions</b>	<b>81,950</b>
<b>NET ASSETS - Beginning of Year</b>	<b><u>390,209</u></b>
<b>NET ASSETS - End of Year</b>	<b><u>\$ 472,160</u></b>

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF FUNTIONAL EXPENSES  
Year Ended December 31, 2020

	Program Services		Supporting Services		Total
	Education and Training	Rescue and Rehabilitation	Fundraising	General Management	
Accounting Fees	\$ 2,660	\$ -	\$ -	\$ 14,205	\$ 16,865
Casual Labor	-	1,293	-	-	1,293
Depreciation	-	18,543	-	-	18,543
Donkey Purchases	-	11,880	-	-	11,880
Equipment Rental	-	488	-	-	488
Feed and Nutritional Supplements	-	70,125	-	-	70,125
Insurance - Non-employee	-	2,893	-	-	2,893
Internet and Web Hosting	-	1,058	-	400	1,458
Legal and State Registration Fees	3,503	1,492	-	16,204	21,199
List Rental and Maintenance	6,533	-	34,768	935	42,236
Meals and Entertainment	-	2,063	-	-	2,063
Merchant Credit Card and Bank Fees	-	2	-	8,244	8,246
Occupancy Expenses	-	6,633	-	768	7,401
Officer Wages	4,490	38,616	-	1,796	44,902
Other Expenses	3,328	6,901	12,301	3,028	25,558
Payroll Taxes	343	2,954	-	137	3,434
Postage, Shipping and Delivery	53,827	95	338,042	8,070	400,034
Printing and Copying	37,754	-	202,352	1,430	241,536
Professional Fees - Other	16,907	-	85,297	2,419	104,623
Repairs and Maintenance	-	27,252	-	29	27,281
Supplies	-	8,802	-	-	8,802
Transportation	-	14,788	-	-	14,788
Veterinary, Farrier, and Healthcare	-	151,139	-	-	151,139
Total Expense	<u>\$ 129,345</u>	<u>\$ 367,017</u>	<u>\$ 672,760</u>	<u>\$ 57,665</u>	<u>\$1,226,787</u>

TURNING POINTE DONKEY RESCUE, INC.

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2020

**Cash Flows from Operating Activities**

Increase in Net Assets	\$ 81,950
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	18,543
Loss on Disposal of Assets	178
Change in Operating Assets	
Decrease in Other Receivable	606
Decrease in Prepaid Assets	53,811
Increase in Inventory	(6,992)
Change in Operating Liabilities	
Decrease in Accounts Payable	(40,473)
Increase in Accrued Liabilities	2,216
Decrease in Accrued Payroll Taxes	(11,827)
Net Cash Provided by Operating Activities	<u>98,012</u>

**Cash Flows from Investing Activities**

Payments for Property and Equipment	<u>(5,308)</u>
Net Cash Used in Investing Activities	<u>(5,308)</u>

**Cash Flows from Financing Activities**

Proceeds from Paycheck Protection Program Loan	<u>11,400</u>
Net Cash Provided by Financing Activities	<u>11,400</u>

Net Increase in Cash	<u>104,104</u>
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<b>Cash, Beginning of Year</b>	<u>117,623</u>
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<b>Cash, End of Year</b>	<u><u>\$ 221,727</u></u>
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**Supplementary Disclosure**

Cash Paid for Interest	<u><u>\$ 327</u></u>
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TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2020

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, 2020 the Organization had no uninsured balances.

Net Assets - The Organization did not have any net assets with donor restrictions as of December 31, 2020.

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	5-7 years
Vehicle	5 years

Depreciation expense totaled \$18,543 for the year ended December 31, 2020.



TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

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, 2020

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 \$61,000. 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 \$221,727. Included in cash is \$134,156 held by the independent fundraising services company to pay direct mail campaign and certain other fundraising expenses and can be used to pay general operating expenses. The remaining financial assets are not 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.

NOTE 4 – RELATED PARTY TRANSACTIONS

During 2020 the Board approved payment of compensation to the President and Treasurer. During the year ended December 31, 2020, the Organization paid the President and Treasurer compensation in the amount of \$44,902. This amount is included in officer wages in the accompanying Statement of Functional Expenses.

There were no board fees paid to board members.

NOTE 5 – RISKS AND UNCERTAINTY IN THE MARKET

Due to uncertainties in the global and national marketplace due to COVID-19 coronavirus (“COVID-19”), and the impact these uncertainties could have on the economy, there exists a risk of a negative impact to the Organization’s financial results in the future. The Organization is actively monitoring and managing risk and there has been no adjustment to these financial statements as a result of this situation.

TURNING POINTE DONKEY RESCUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 6 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 26, 2021, the date which the financial statements were available to be issued.