

# **National Mill Dog Rescue**

Independent Auditor's Report and Financial Statements

December 31, 2019 and 2018

**National Mill Dog Rescue**  
**December 31, 2019 and 2018**

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## Independent Auditor's Report

Board of Directors  
National Mill Dog Rescue  
Colorado Springs, Colorado

We have audited the accompanying financial statements of National Mill Dog Rescue (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Board of Directors  
National Mill Dog Rescue

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Mill Dog Rescue as of December 31, 2019 and 2018, 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.

**Emphasis of Matter**

As described in Note 2 to the financial statements, in 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

*BKD, LLP*

Colorado Springs, Colorado  
July 13, 2020

**National Mill Dog Rescue**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

**Assets**

	<b>2019</b>	<b>2018</b>
Cash	\$ 808,786	\$ 1,003,128
Investments	841,491	186,101
Inventory	9,026	8,667
Other receivable	2,273	2,233
Contributions receivable	1,500	-
Property and equipment, net	2,450,119	2,345,522
Total assets	\$ 4,113,195	\$ 3,545,651

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 29,060	\$ 29,814
Accrued liabilities	31,804	43,654
Long-term debt	227,089	278,600
Total liabilities	287,953	352,068

**Net Assets**

Without donor restrictions	3,607,562	3,014,403
With donor restrictions		
Purpose restrictions - capital projects	217,680	179,180
Total net assets	3,825,242	3,193,583
Total liabilities and net assets	\$ 4,113,195	\$ 3,545,651

**National Mill Dog Rescue**  
**Statement of Activities**  
**Year Ended December 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 1,989,201	\$ 38,500	\$ 2,027,701
Adoption fees	172,324	-	172,324
Merchandise sales, net of cost of sales of \$0	10,511	-	10,511
Investment return, net	123,903	-	123,903
Other	119,916	-	119,916
	<u>2,415,855</u>	<u>38,500</u>	<u>2,454,355</u>
<b>Expenses</b>			
Program services	1,449,955	-	1,449,955
Support services			
General and administrative	197,310	-	197,310
Fundraising	175,431	-	175,431
	<u>1,822,696</u>	<u>-</u>	<u>1,822,696</u>
<b>Change in Net Assets</b>	<u>593,159</u>	<u>38,500</u>	<u>631,659</u>
<b>Net Assets, Beginning of Year</b>	<u>3,014,403</u>	<u>179,180</u>	<u>3,193,583</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,607,562</u>	<u>\$ 217,680</u>	<u>\$ 3,825,242</u>

**National Mill Dog Rescue**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 2,043,547	\$ 179,180	\$ 2,222,727
Adoption fees	184,372	-	184,372
Merchandise sales, net of cost of sales of \$10,151	12,140	-	12,140
Investment return, net	6,671	-	6,671
Other	(9,374)	-	(9,374)
	<u>2,237,356</u>	<u>179,180</u>	<u>2,416,536</u>
<b>Expenses</b>			
Program services	1,501,917	-	1,501,917
Support services			
General and administrative	217,116	-	217,116
Fundraising	252,825	-	252,825
	<u>1,971,858</u>	<u>-</u>	<u>1,971,858</u>
<b>Change in Net Assets</b>	<u>265,498</u>	<u>179,180</u>	<u>444,678</u>
<b>Net Assets, Beginning of Year</b>	<u>2,748,905</u>	<u>-</u>	<u>2,748,905</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 3,014,403</u></u>	<u><u>\$ 179,180</u></u>	<u><u>\$ 3,193,583</u></u>

**National Mill Dog Rescue**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	Program Services							Support Services			Total Expenses
	Rescue	Rehabilitation & Care	Veterinary Care	Kennel Facility	Adoptions & Foster Care	Outreach & Education	Total Program Services	Management and General	Fundraising	Total Support Services	
Compensation and payroll tax	\$ 41,738	\$ 252,955	\$ 243,463	\$ 2,985	\$ 159,199	\$ 78,228	\$ 778,568	\$ 77,479	\$ 46,255	\$ 123,734	\$ 902,302
Rescue and related support	3,365	-	128,146	40,731	30,066	38,368	240,676	45,138	90,319	135,457	376,133
Travel expenses	3,667	-	575	-	-	9,559	13,801	-	-	-	13,801
Vehicle costs	25,114	-	-	-	-	-	25,114	-	-	-	25,114
Supplies and other	-	6,286	184,375	29,380	-	1,139	221,180	5,910	4,458	10,368	231,548
Repairs and maintenance	-	-	1,946	4,340	-	-	6,286	2,561	-	2,561	8,847
Information technology	-	-	-	-	-	-	-	21,412	-	21,412	21,412
In-kind donations	-	40,941	-	-	-	-	40,941	-	34,399	34,399	75,340
Depreciation and amortization	-	-	-	95,900	-	-	95,900	-	-	-	95,900
Interest	-	-	-	8,489	-	-	8,489	-	-	-	8,489
Insurance/worker's comp	-	-	-	19,000	-	-	19,000	6,669	-	6,669	25,669
Bank/credit card fees	-	-	-	-	-	-	-	38,141	-	38,141	38,141
	<u>\$ 73,884</u>	<u>\$ 300,182</u>	<u>\$ 558,505</u>	<u>\$ 200,825</u>	<u>\$ 189,265</u>	<u>\$ 127,294</u>	<u>\$ 1,449,955</u>	<u>\$ 197,310</u>	<u>\$ 175,431</u>	<u>\$ 372,741</u>	<u>\$ 1,822,696</u>



**National Mill Dog Rescue**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2018**

	Program Services							Support Services			Total Expenses
	Rescue	Rehabilitation & Care	Veterinary Care	Kennel Facility	Adoptions & Foster Care	Outreach & Education	Total Program Services	Management and General	Fundraising	Total Support Services	
Compensation and payroll tax	\$ 44,246	\$ 226,155	\$ 278,411	\$ -	\$ 135,739	\$ 102,347	\$ 786,898	\$ 75,451	\$ 64,200	\$ 139,651	\$ 926,549
Rescue and related support	4,591	-	150,046	250	11,781	15,930	182,598	26,380	115,754	142,134	324,732
Travel expenses	24,911	-	287	-	-	7,050	32,248	686	-	686	32,934
Vehicle costs	20,372	-	-	-	-	-	20,372	-	-	-	20,372
Supplies	-	10,885	206,426	24,153	-	1,076	242,540	9,697	-	9,697	252,237
Repairs and maintenance	-	-	3,350	5,900	-	-	9,250	1,344	-	1,344	10,594
Information technology	-	-	-	-	-	1,301	1,301	31,668	69	31,737	33,038
In-kind donations	-	68,672	-	-	-	-	68,672	-	72,802	72,802	141,474
Depreciation and amortization	-	-	-	76,417	-	-	76,417	-	-	-	76,417
Interest	-	-	-	11,921	-	-	11,921	-	-	-	11,921
Insurance/worker's comp	-	-	-	33,946	-	-	33,946	13,515	-	13,515	47,461
Bank/credit card fees	-	-	-	35,754	-	-	35,754	58,375	-	58,375	94,129
	<u>\$ 94,120</u>	<u>\$ 305,712</u>	<u>\$ 638,520</u>	<u>\$ 188,341</u>	<u>\$ 147,520</u>	<u>\$ 127,704</u>	<u>\$ 1,501,917</u>	<u>\$ 217,116</u>	<u>\$ 252,825</u>	<u>\$ 469,941</u>	<u>\$ 1,971,858</u>

**National Mill Dog Rescue**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 631,659	\$ 444,678
Items not requiring (providing) operating cash flows		
Depreciation	95,900	76,417
Unrealized and realized gains on investments	(104,742)	(956)
In-kind donations	(75,340)	(141,474)
Donated securities	(35,023)	-
Loss on disposal of property and equipment	-	10,470
Changes in		
Inventory	74,981	145,117
Contributions receivable	(1,500)	9,840
Other receivables	2,233	-
Insurance reimbursement accounts receivable	-	29,010
Accounts payable	(119,684)	(4,807)
Accrued liabilities	(11,850)	13,001
	<u>456,634</u>	<u>581,296</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(83,840)	(404,984)
Proceeds from sale of investments	-	(4,584)
Purchase of investments	(515,625)	-
	<u>(599,465)</u>	<u>(409,568)</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(51,511)	(54,079)
	<u>(51,511)</u>	<u>(54,079)</u>
<b>Net Increase (Decrease) in Cash</b>	<u>(194,342)</u>	<u>117,649</u>
<b>Cash, Beginning of Year</b>	<u>1,003,128</u>	<u>885,479</u>
<b>Cash, End of Year</b>	<u>\$ 808,786</u>	<u>\$ 1,003,128</u>
<b>Supplemental Cash Flow Information</b>		
Interest paid	<u>\$ 8,489</u>	<u>\$ 11,921</u>

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

National Mill Dog Rescue (the Organization) is a not-for-profit organization working to rescue, rehabilitate, and rehome discarded commercial breeding dogs and to educate the public about cruel realities of the puppy mill industry.

***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***

At December 31, 2019, the Organization's cash accounts exceeded federally insured limits by approximately \$445,000. Money market funds, held by broker, which are reported as investments, are not considered to be cash equivalents.

***Investments and Investment Return, Net***

The Organization measures securities at fair value. Investment return includes dividend, interest, realized and unrealized gains and losses on investments carried at fair value, less external and any direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions.

***Inventory Pricing***

Inventories consist of purchased and in-kind donations of merchandise. Inventories are stated at the lower of cost or net realizable value. Costs of merchandise are determined using the first-in, first-out (FIFO) method.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	15 – 39 years
Vehicles and equipment	5 – 7 years

***Long-lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2019 and 2018.

***Supplies***

The Organization holds various program and fundraising related supplies. The Organization expenses these items upon purchase as the result of additional, future revenues from these materials is not reasonably assured.

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

There were no releases from restriction during 2019 or 2018.

***Contributions***

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

***In-kind Contributions***

In addition to receiving cash contributions, the Organization receives various program-related in-kind contributions from donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2019 and 2018, in-kind contributions received were \$75,340 and \$141,474, respectively.

***Adoption Fees***

Adoption fees are recognized as the Organization satisfies performance obligations under its contracts. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods or services. The Organization determines the transaction price based on standard charges for goods and services provided.

***Income Taxes***

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization recorded no unrelated business income during the year.

# National Mill Dog Rescue

## Notes to Financial Statements

### December 31, 2019 and 2018

#### **Functional Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fund raising categories based on time expended and other methods.

#### **Reclassifications**

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net assets.

#### **Note 2: Change in Accounting Principle**

On January 1, 2019, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) using a modified retrospective method of adoption to all contracts with customers at January 1, 2019.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services.

The amount to which the Organization expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

Adoption of ASU 2014-09 resulted in changes in the notes to the financial statements (see Note 7).

#### **Note 3: Liquidity and Availability**

The Organization has a liquidity policy to maintain current working capital at a minimum of four months of operating expenses. To achieve these targets, the Organization forecasts future cash flows and monitors its liquidity quarterly and monitors reserves annually. The Organization primarily solicits and receives contributions without donor restrictions, which provides the organization with fiscal flexibility to pay all annual obligations and general expenditures each year.

The Organization manages its liquidity and reserves following three guiding principles:

1. Operating within a prudent range of financial soundness and stability
2. Maintaining adequate liquid assets to fund near-term operating needs
3. Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	<b>2019</b>	<b>2018</b>
Cash	\$ 808,786	\$ 1,003,128
Investments	841,491	186,101
Total financial assets	1,650,277	1,189,229
Donor-imposed restrictions	217,680	179,180
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,432,597	\$ 1,010,049

**Note 4: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

***Recurring Measurements***

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

	<b>2019</b>			
	<b>Fair Value Measurements Using</b>			
<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
Money market funds, held by broker	\$ 736,486	\$ 736,486	\$ -	\$ -
Domestic mutual funds	55,793	55,793	-	-
Domestic common stock	49,212	49,212	-	-
	<u>\$ 841,491</u>	<u>\$ 841,491</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>2018</b>			
	<b>Fair Value Measurements Using</b>			
<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
Money market funds, held by broker	\$ 183,866	\$ 183,866	\$ -	\$ -
Domestic common stock	2,235	2,235	-	-
	<u>\$ 186,101</u>	<u>\$ 186,101</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.



**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization currently holds no Level 2 or Level 3 investments.

**Note 5: Property and Equipment**

Property and equipment at December 31, 2019 and 2018 consists of:

	<b>2019</b>	<b>2018</b>
Land	\$ 62,582	\$ 62,582
Buildings and improvements	2,454,123	1,022,293
Vehicles and equipment	305,766	287,601
	2,822,471	1,372,476
Less accumulated depreciation	411,074	421,704
Construction in progress	38,722	1,394,750
Total property and equipment	<b>\$ 2,450,119</b>	<b>\$ 2,345,522</b>

**Note 6: Long-term Debt**

Long-term debt at December 31, 2019 and 2018 consists of:

	<b>2019</b>	<b>2018</b>
Note payable (A)	\$ 227,089	\$ 278,600

(A) Due January 2044; payable \$2,203 monthly including interest at 4.00%; secured by property. During 2019 and 2018, the Organization remitted approximately \$35,000 and \$40,000, respectively, in excess of the required principal payments.

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

Aggregate annual maturities of long-term debt at December 31, 2019, are:

	<b>Long-term Debt</b>
2020	\$ 17,677
2021	18,398
2022	19,147
2023	19,927
2024	18,979
Thereafter	132,961
	\$ 227,089

**Note 7: Revenue from Contracts with Customers**

***Adoption Fees***

Revenue from contracts with customers is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing dog adoption goods and services.

Revenue is recognized as performance obligations are satisfied, which is at a point in time in which the adoption transaction is completed. The Organization utilizes a point-of-sale system to charge and collect payment upon completion of the adoption.

A customer may return the dog any time after the sale. The customer will be refunded their adoption fee, minus a \$50.00 processing fee, if the dog is returned within the first two weeks post adoption.

***Transaction Price***

The Organization determines the transaction price based on standard charges for goods and services provided.

For the year ended December 31, 2019, the Organization recognized adoption fees of \$172,324 from goods and services that transfer to the customer at a point in time.

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 8: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Contributions***

The Organization primarily relies on individual contributions for its funding. Approximately 65% and 60% of all contributions were received from individual donors in 2019 and 2018, respectively.

***Investments***

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a decline in the value of the Organization's investment portfolio.

**Note 9: Commitment**

***Construction Agreement***

During 2019, the Organization entered into an agreement with a contractor for the construction of a building for an estimated project cost of approximately \$590,000. Amounts reported as construction in progress at December 31, 2019 primarily relate to this project.

**Note 10: Subsequent Events**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On April 16, 2020, the Organization received a loan in the amount of \$162,800 pursuant to the Paycheck Protection Program. The Organization anticipates using all of the proceeds to make eligible payments and, therefore, expects substantially all of the loan will be forgiven.

Subsequent events have been evaluated through July 13, 2020, which is the date the financial statements were available to be issued.