

# **National Mill Dog Rescue**

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

**National Mill Dog Rescue**  
**December 31, 2021 and 2020**

**Contents**

**Independent Auditor's Report..... 1**

**Financial Statements**

Statements of Financial Position ..... 3  
Statement of Activities – 2021 ..... 4  
Statement of Activities – 2020 ..... 5  
Statement of Functional Expenses – 2021 ..... 6  
Statement of Functional Expenses – 2020..... 7  
Statements of Cash Flows ..... 8  
Notes to Financial Statements ..... 9

## Independent Auditor's Report

Board of Directors  
National Mill Dog Rescue  
Colorado Springs, Colorado

### ***Opinion***

We have audited the financial statements of National Mill Dog Rescue (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Mill Dog Rescue as of December 31, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of National Mill Dog Rescue and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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, 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 National Mill Dog Rescue's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Board of Directors  
National Mill Dog Rescue

### ***Auditor's 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 auditor's 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 National Mill Dog 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 National Mill Dog 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.

**BKD, LLP**

Colorado Springs, Colorado  
April 21, 2022

**National Mill Dog Rescue**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

**Assets**

	<b>2021</b>	<b>2020</b>
Cash	\$ 1,860,802	\$ 970,859
Investments	834,103	800,410
Inventory	3,609	5,276
Property and equipment, net	3,118,791	2,952,980
Total assets	\$ 5,817,305	\$ 4,729,525

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 125,534	\$ 18,422
Accrued liabilities	37,775	18,830
Long-term debt	-	186,700
Total liabilities	163,309	223,952

**Net Assets**

Without donor restrictions	5,036,116	4,287,693
With donor restrictions		
Purpose restrictions - capital projects	617,880	217,880
Total net assets	5,653,996	4,505,573
Total liabilities and net assets	\$ 5,817,305	\$ 4,729,525

**National Mill Dog Rescue**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions and grants	\$ 2,473,280	\$ 400,000	\$ 2,873,280
Adoption fees	256,189	-	256,189
Merchandise sales, net of cost of sales of \$1,667	5,593	-	5,593
Investment return, net	34,928	-	34,928
Other	39	-	39
	<u>2,770,029</u>	<u>400,000</u>	<u>3,170,029</u>
<b>Expenses</b>			
Program services	1,596,744	-	1,596,744
Support services			
General and administrative	194,417	-	194,417
Fundraising	230,445	-	230,445
	<u>2,021,606</u>	<u>-</u>	<u>2,021,606</u>
<b>Change in Net Assets</b>	<u>748,423</u>	<u>400,000</u>	<u>1,148,423</u>
<b>Net Assets, Beginning of Year</b>	<u>4,287,693</u>	<u>217,880</u>	<u>4,505,573</u>
<b>Net Assets, End of Year</b>	<u>\$ 5,036,116</u>	<u>\$ 617,880</u>	<u>\$ 5,653,996</u>

**National Mill Dog Rescue**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 2,151,746	\$ 200	\$ 2,151,946
Adoption fees	210,698	-	210,698
Merchandise sales, net of cost of sales of \$3,750	4,013	-	4,013
Investment return, net	121,853	-	121,853
Other	(105,761)	-	(105,761)
	<u>2,382,549</u>	<u>200</u>	<u>2,382,749</u>
<b>Expenses</b>			
Program services	1,367,452	-	1,367,452
Support services			
General and administrative	212,706	-	212,706
Fundraising	122,260	-	122,260
	<u>1,702,418</u>	<u>-</u>	<u>1,702,418</u>
<b>Change in Net Assets</b>	<u>680,131</u>	<u>200</u>	<u>680,331</u>
<b>Net Assets, Beginning of Year</b>	<u>3,607,562</u>	<u>217,680</u>	<u>3,825,242</u>
<b>Net Assets, End of Year</b>	<u>\$ 4,287,693</u>	<u>\$ 217,880</u>	<u>\$ 4,505,573</u>

**National Mill Dog Rescue**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program Services						Support Services			Total Expenses	
	Rescue	Rehabilitation and Care	Veterinary Care	Kennel Facility	Adoptions and Foster Care	Outreach and Education	Total Program Services	Management and General	Fundraising		Total Support Services
Compensation and payroll tax	\$ 43,212	\$ 354,302	\$ 326,319	\$ 20,815	\$ 125,275	\$ 79,077	\$ 949,000	\$ 72,244	\$ 91,200	\$ 163,444	\$ 1,112,444
Rescue and related support	2,164	-	72,920	40,090	6,085	42,936	164,195	42,612	61,337	103,949	268,144
Travel expenses	7,541	-	-	-	-	2,404	9,945	-	-	-	9,945
Vehicle costs	21,936	-	-	-	-	-	21,936	-	-	-	21,936
Supplies	-	456	227,781	20,582	-	-	248,819	3,546	-	3,546	252,365
Repairs and maintenance	-	-	385	25,481	-	-	25,866	-	-	-	25,866
Information technology	-	-	-	-	-	-	-	24,354	-	24,354	24,354
In-kind donations	-	42,250	-	-	-	-	42,250	-	77,908	77,908	120,158
Depreciation and amortization	-	-	-	106,633	-	-	106,633	-	-	-	106,633
Interest	-	-	-	1,863	-	-	1,863	-	-	-	1,863
Insurance/worker's comp	-	-	-	26,237	-	-	26,237	12,447	-	12,447	38,684
Bank/credit card fees	-	-	-	-	-	-	-	39,214	-	39,214	39,214
	<u>\$ 74,853</u>	<u>\$ 397,008</u>	<u>\$ 627,405</u>	<u>\$ 241,701</u>	<u>\$ 131,360</u>	<u>\$ 124,417</u>	<u>\$ 1,596,744</u>	<u>\$ 194,417</u>	<u>\$ 230,445</u>	<u>\$ 424,862</u>	<u>\$ 2,021,606</u>

**National Mill Dog Rescue**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services						Support Services			Total Expenses	
	Rescue	Rehabilitation and Care	Veterinary Care	Kennel Facility	Adoptions and Foster Care	Outreach and Education	Total Program Services	Management and General	Fundraising		Total Support Services
Compensation and payroll tax	\$ 41,174	\$ 291,647	\$ 265,010	\$ 14,164	\$ 137,084	\$ 39,630	\$ 788,709	\$ 77,955	\$ 60,568	\$ 138,523	\$ 927,232
Rescue and related support	4,582	-	97,710	35,773	5,602	31,396	175,063	39,177	42,612	81,789	256,852
Travel expenses	7,432	-	-	-	-	1,930	9,362	-	-	-	9,362
Vehicle costs	14,529	-	-	-	-	-	14,529	-	-	-	14,529
Supplies	-	2,640	183,369	12,746	-	-	198,755	5,294	-	5,294	204,049
Repairs and maintenance	-	-	1,799	4,055	-	-	5,854	-	-	-	5,854
Information technology	-	-	-	-	-	-	-	21,794	-	21,794	21,794
In-kind donations	-	38,202	-	-	-	-	38,202	-	19,080	19,080	57,282
Depreciation and amortization	-	-	-	103,028	-	-	103,028	-	-	-	103,028
Interest	-	-	-	5,611	-	-	5,611	-	-	-	5,611
Insurance/worker's comp	-	-	-	28,339	-	-	28,339	28,670	-	28,670	57,009
Bank/credit card fees	-	-	-	-	-	-	-	39,816	-	39,816	39,816
	<u>\$ 67,717</u>	<u>\$ 332,489</u>	<u>\$ 547,888</u>	<u>\$ 203,716</u>	<u>\$ 142,686</u>	<u>\$ 72,956</u>	<u>\$ 1,367,452</u>	<u>\$ 212,706</u>	<u>\$ 122,260</u>	<u>\$ 334,966</u>	<u>\$ 1,702,418</u>

**National Mill Dog Rescue**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,148,423	\$ 680,331
Items not requiring (providing) operating cash flows		
Depreciation and amortization	106,633	103,028
Unrealized and realized gains on investments	(31,350)	(115,238)
In-kind donations	(120,158)	(57,282)
Forgiveness of Paycheck Protection Program (PPP) loan	-	(162,800)
Contributions received for long-term purposes	(400,000)	-
Proceeds received from PPP loan	-	162,800
Changes in		
Inventory	121,825	61,032
Contributions receivable	-	1,500
Other receivables	-	2,273
Accounts payable	7,582	(10,638)
Accrued liabilities	18,945	(12,974)
	<u>851,900</u>	<u>652,032</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(172,914)	(605,889)
Proceeds from sale of investments	(2,343)	406,319
Purchase of investments	-	(250,000)
	<u>(175,257)</u>	<u>(449,570)</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(186,700)	(40,389)
Contributions received for long-term purposes	400,000	-
	<u>213,300</u>	<u>(40,389)</u>
<b>Net Increase in Cash</b>	<u>889,943</u>	<u>162,073</u>
<b>Cash, Beginning of Year</b>	<u>970,859</u>	<u>808,786</u>
<b>Cash, End of Year</b>	<u>\$ 1,860,802</u>	<u>\$ 970,859</u>
<b>Supplemental Cash Flow Information</b>		
Interest paid	<u>\$ 1,863</u>	<u>\$ 5,611</u>
<b>Noncash Investing Activities</b>		
Purchase of property and equipment on accounts payable	<u>\$ 100,934</u>	<u>\$ -</u>

# **National Mill Dog Rescue**

## **Notes to Financial Statements**

### **December 31, 2021 and 2020**

#### **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, 2021, the Organization's cash accounts exceeded federally insured limits by approximately \$1,250,000. 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. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

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, 2021 and 2020**

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, 2021 and 2020.

***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 restrictions during 2021 and 2020.

***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, 2021 and 2020**

<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, 2021 and 2020, in-kind contributions received were \$120,158 and \$57,282, respectively.

***Paycheck Protection Program (PPP) Loan and Forgiveness***

During 2020, the Organization received a loan pursuant to the PPP established by the U.S. federal government’s *Coronavirus Aid, Relief, and Economic Security Act*. While the loan stipulated an interest rate and maturity date, the Organization anticipated that the loan would be substantially forgiven, and thus has elected to account for the loan as a refundable advance as permitted by ASC 958-605. Under this election, loan proceeds are deemed a refundable advance until such time as the related conditions are met, which include meeting certain employee count and salary reduction requirements as well as incurring eligible expenses. Utilization of the proceeds are subject to review and acceptance by the U.S. Department of Treasury, Small Business Administration, and/or lender; as a result, future adjustments may be required upon recognition of the revenue. During 2020, the Organization received notification of forgiveness and, thus, recognized the revenue as a grant in the statement of activities.

# **National Mill Dog Rescue**

## **Notes to Financial Statements**

### **December 31, 2021 and 2020**

#### ***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, which is at a point in time in which the adoption transaction is completed. The Organization determines the transaction price based on standard charges for goods and services provided.

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.

#### ***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.

#### ***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 fundraising categories based on time expended and other methods.

#### ***Subsequent Events***

Subsequent events have been evaluated through April 21, 2022, which is the date the financial statements were available to be issued.

#### **Note 2: 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.

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, comprise the following:

	<b>2021</b>	<b>2020</b>
Cash	\$ 1,860,802	\$ 970,859
Investments	834,103	800,410
Total financial assets	2,694,905	1,771,269
Donor-imposed restrictions	617,880	217,880
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,077,025	\$ 1,553,389

**Note 3: 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, 2021 and 2020**

**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, 2021 and 2020:

<b>2021</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	\$ 698,472	\$ 698,472	\$ -	\$ -
Domestic mutual funds	49,764	49,764	-	-
Domestic common stock	85,867	85,867	-	-
	<u>\$ 834,103</u>	<u>\$ 834,103</u>	<u>\$ -</u>	<u>\$ -</u>

<b>2020</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	\$ 694,504	\$ 694,504	\$ -	\$ -
Domestic mutual funds	49,511	49,511	-	-
Domestic common stock	56,395	56,395	-	-
	<u>\$ 800,410</u>	<u>\$ 800,410</u>	<u>\$ -</u>	<u>\$ -</u>

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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.

**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 4: Property and Equipment**

Property and equipment at December 31, 2021 and 2020 consists of:

	<b>2021</b>	<b>2020</b>
Land	\$ 62,582	\$ 62,582
Buildings and improvements	3,093,368	3,035,465
Vehicles and equipment	383,014	369,035
	3,538,964	3,467,082
Less accumulated depreciation	620,735	514,102
Construction in progress	200,562	-
Total property and equipment	\$ 3,118,791	\$ 2,952,980

**Note 5: Long-term Debt**

Long-term debt at December 31, 2021 and 2020 consists of:

	<b>2021</b>	<b>2020</b>
Note payable (A)	\$ -	\$ 186,700

(A) Due January 2044; payable \$2,203 monthly including interest at 4.00%; secured by property. During 2021 and 2020, the Organization remitted approximately \$160,000 and \$20,000, respectively, in excess of the required principal payments. During 2021, the Organization paid off this note balance in full.

**National Mill Dog Rescue**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 6: 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 30% and 60% of all contributions were received from individual donors in 2021 and 2020, 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.

***Construction Commitment***

During 2021, the Organization entered into various construction agreements with general contractors totaling approximately \$600,000. As of December 31, 2021, the Organization's remaining financial commitment on these contracts is approximately \$400,000.

***COVID-19***

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.