

**Farm Rescue**  
(A nonprofit organization)

*FINANCIAL STATEMENTS*  
*Years Ended June 30, 2021 and 2020*  
(With Independent Auditors' Report)

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
**Farm Rescue**

We have audited the accompanying financial statements of **Farm Rescue** (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities 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.

**Auditors' 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 of 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 auditors' 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 auditors consider 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 **Farm Rescue** as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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## Independent Auditors' Report - continued

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program expenses and general supporting expenses on page 13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*SCHAUER & ASSOCIATES, P.C.*

SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants  
Jamestown, North Dakota

January 10, 2022

**Farm Rescue**  
**STATEMENTS OF FINANCIAL POSITION**  
**ASSETS**

	June 30	
	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 667,132	\$ 846,604
Accounts receivable	5,849	5,989
Pledges receivable	6,862	187,167
Prepaid expense	35,425	42,179
Total Current Assets	715,268	1,081,939
<b>INVESTMENTS</b>	1,305,358	80,305
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Equipment	93,233	70,996
Vehicles	3,487,318	2,907,277
	3,580,551	2,978,273
Less accumulated depreciation	1,535,140	1,313,144
Net Property and Equipment	2,045,411	1,665,129
<b>TOTAL ASSETS</b>	\$ 4,066,037	\$ 2,827,373
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 37,921	\$ 104,849
Accounts payable	18,710	34,384
Accrued liabilities		455
Equipment contract payable	314,133	
Total Current Liabilities	370,764	139,688
<b>LONG-TERM DEBT</b>		
Less current maturities	311,979	92,299
<b>TOTAL LIABILITIES</b>	682,743	231,987
<b>NET ASSETS</b>		
Without donor restrictions	3,383,294	2,595,386
Total Net Assets	3,383,294	2,595,386
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 4,066,037	\$ 2,827,373

The accompanying notes are an integral part of these financial statements.

**Farm Rescue**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>						
<b>REVENUES AND OTHER SUPPORT</b>						
Grants	\$ 13,500	\$ 122,332	\$ 135,832	\$ 141,750	\$ 30,000	\$ 171,750
Contributions	1,217,690		1,217,690	208,119		208,119
Sponsorships	755,154		755,154	996,233		996,233
Program income	50,085		50,085	62,094		62,094
Fundraising income	182,957		182,957	16,331		16,331
Gain (Loss) on sale of assets	58,948		58,948			
Investment return	49,501		49,501	9,313		9,313
Miscellaneous income	67,435		67,435	2,715		2,715
Net assets released from restrictions	122,332	(122,332)		30,000	(30,000)	
<b>Total Revenue and Other Support</b>	<b>2,517,602</b>		<b>2,517,602</b>	<b>1,466,555</b>		<b>1,466,555</b>
<b>EXPENSES</b>						
Program expenses	1,453,554		1,453,554	969,978		969,978
Supporting Services						
Management and general	170,585		170,585	176,401		176,401
Fundraising	105,555		105,555	54,008		54,008
Total Support Services	276,140		276,140	230,409		230,409
<b>Total Expenses</b>	<b>1,729,694</b>		<b>1,729,694</b>	<b>1,200,387</b>		<b>1,200,387</b>
<b>Change in net assets</b>	<b>787,908</b>		<b>787,908</b>	<b>266,168</b>		<b>266,168</b>
<b>NET ASSETS, beginning of year</b>	<b>2,595,386</b>		<b>2,595,386</b>	<b>2,329,218</b>		<b>2,329,218</b>
<b>NET ASSETS, end of year</b>	<b>\$ 3,383,294</b>	<b>\$</b>	<b>\$ 3,383,294</b>	<b>\$ 2,595,386</b>	<b>\$</b>	<b>\$ 2,595,386</b>

The accompanying notes are an integral part of these financial statements.

**Farm Rescue**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 787,908	\$ 266,168
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	441,632	371,260
Gain on sale of equipment	(58,948)	
Noncash loan forgiveness	(61,200)	
Unrealized gain on investments	(20,051)	(5,221)
(Increase) Decrease in assets		
Accounts receivable and pledges receivable	180,445	(192,568)
Prepaid expense	6,754	(11,656)
Deposit on equipment		(225,000)
Increase (Decrease) in liabilities		
Accounts payable	(12,072)	(2,969)
Accrued liabilities	(455)	455
Total Adjustments	476,105	(65,699)
Net Cash Provided by Operating Activities	1,264,013	200,469
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposits	(205,000)	
Payments received on note receivable		47,543
Redemption of certificate of deposit		125,000
Proceeds from sale of assets	244,570	
Purchase of investments	(1,000,000)	
Purchase of equipment and vehicles	(497,007)	(20,571)
Net Cash Provided By (Used in) Investing Activities	(1,457,437)	151,972
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of note payable, PPP loan		61,200
Issuance of note payable	149,900	
Payments on notes payable	(135,948)	(62,530)
Net Cash Provided By (Used in) Financing Activities	13,952	(1,330)
Net (decrease) increase in cash and cash equivalents	(179,472)	351,111
Cash and cash equivalents beginning of year	846,604	495,493
Cash and cash equivalents end of year	\$ 667,132	\$ 846,604

**The accompanying notes are an integral part of these financial statements.**

	<u>2021</u>	<u>2020</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
<b>Schedule of noncash investing activities:</b>		
Long-term debt incurred for purchase of equipment	\$ 200,000	\$
Equipment contract payable incurred for purchase of equipment	<u>310,531</u>	<u>                    </u>
	<u>\$ 510,531</u>	<u>\$</u>



**Farm Rescue**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2021 and 2020**

1. Description of the Organization

**Farm Rescue** is a nonprofit organization whose defined mission is to help family farmers bridge crises so they may have an opportunity to continue viable operations. The Organization's support principally comes from grants and contributions. Approximately 87% and 94% of the Organization's support for the years ended June 30, 2021 and 2020, respectively, came from grants, sponsorships and contributions.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of **Farm Rescue** have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require **Farm Rescue** to report information regarding its financial position and activities according to the following net asset classifications.

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of **Farm Rescue's** management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of **Farm Rescue** or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

B. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to **Farm Rescue's** ongoing planting and harvesting services and interest and dividends earned on investments. Nonoperating activities are activities considered to be more of an unusual or nonrecurring nature.

C. Cash and Cash Equivalents.

**Farm Rescue's** cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

**Farm Rescue**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended June 30, 2021 and 2020**

2. Summary of Significant Accounting Policies - continued

D. Concentrations of Credit Risk

Financial instruments that potentially subject **Farm Rescue** to concentrations of credit risk consist principally of cash and cash equivalents and investments. **Farm Rescue** maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation/National Credit Union Administration up to \$250,000. At June 30, 2021 and 2020, the Organization's uninsured cash balance totaled \$77,224 and \$271,511, respectively. **Farm Rescue's** cash and cash equivalents have been placed with high credit quality financial institutions. **Farm Rescue** has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

E. Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using straight line and accelerated methods. The useful lives range from three to seven years. **Farm Rescue's** policy is to capitalize all acquisitions and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. **Farm Rescue's** management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

F. Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

G. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

**Farm Rescue**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended June 30, 2021 and 2020**

2. Summary of Significant Accounting Policies - continued

G. Fair Value Measurements - continued

**Farm Rescue** groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

H. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a 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 statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

I. In-kind Donations

Donations of property and equipment are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities.

**Farm Rescue** receives the use of tractors, planters, combines, transport equipment and trucks from various sponsors. The value of this equipment if paid for by **Farm Rescue** would be approximately \$109,000 and \$225,000 in 2021 and 2020, respectively. Several volunteers have made significant contributions of their time during planting, haying and harvesting season in furtherance of **Farm Rescue's** mission. They are reimbursed their meal expenses up to a maximum of \$30 per day. These services were not reflected in the accompanying statement of activities because they do not meet the necessary criteria for recognition under US GAAP.

**Farm Rescue**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended June 30, 2021 and 2020**

2. Summary of Significant Accounting Policies - continued

J. Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function have been allocated among program and supporting services.

K. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

L. Income Taxes

**Farm Rescue** is exempt from income taxes under IRC Section 501 (c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. **Farm Rescue** has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. **Farm Rescue** has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

M. Advertising

The Organization uses advertising to promote its program among the audience it serves. The cost of advertising is expensed as incurred. During 2021 and 2020, advertising expense was \$103,472 and \$45,341, respectively.

**Farm Rescue**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended June 30, 2021 and 2020**

3. Availability and Liquidity

**Farm Rescue** strives to have a minimum of twelve months of general operating funds in reserve. (Twelve months of general operating funds is approximately \$1,000,000). As part of its liquidity plan, excess cash is invested in certificates of deposit.

The following represents **Farm Rescue's** financial assets at June 30, 2021 and 2020:

	2021	2020
Financial assets at year end		
Cash and cash equivalents	\$ 667,132	\$ 846,604
Accounts receivable	5,849	5,989
Pledges receivable	6,862	187,167
Prepaid expense	35,425	42,179
Investments	1,305,358	80,305
Total Financial Assets	<u>2,020,626</u>	<u>1,162,244</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,020,626</u>	<u>\$ 1,162,244</u>

4. Investments

The following is a summary of investments at June 30, 2021 and 2020 :

	2021	2020
Brokerage cash account	\$ 57	\$ 57
Certificates of deposit over three months	285,958	80,248
Stock index fund	456,247	
Equities and options	78,130	
Bond index fund	484,966	
	<u>\$ 1,305,358</u>	<u>\$ 80,305</u>

As of June 30, 2021, all investments were considered Level 1 investments.

Investment return is summarized as follows:

	2021	2020
Interest income and dividends	\$ 20,421	\$ 9,313
Realized gain (loss)	28,567	
Unrealized gain (loss)	513	
Investment return	<u>\$ 49,501</u>	<u>\$ 9,313</u>

**Farm Rescue**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended June 30, 2021 and 2020**

6. Long-Term Debt

Long-term debt at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
2.9% note payable, dated June 28, 2018, due in five annual installments of \$19,207.27 on June 29, 2019 and each successive year to June 29, 2023, plus interest, secured by S690 STS John Deere combine	\$	\$ 53,754
5.27% note payable, dated June 21, 2018, due in five annual installments of \$30,379.02 plus interest on April 15, 2019 and each successive year to April 15, 2023, secured by 2017 John Deere air seeder		82,194
1.0% note payable, dated April 16, 2020, any unforgiven amount is due twenty-four months from date of note, amortized over the remaining term of note, unsecured		61,200
2.75% note payable, dated November 13, 2020, due in five annual installments of \$43,360.89 on November 14, 2021 and each successive year to November 13, 2025, plus interest, secured by John Deere DP60 Planter	200,000	
2.75% note payable, dated June 30, 2020, due in three hundred sixty monthly installments of \$641.00 on July 1, 2022 and each successive month to June 30, 2052, plus interest, secured by all tangible and intangible personal property	<u>149,900</u>	
	349,900	<u>197,148</u>
Less current portion	<u>37,921</u>	<u>104,849</u>
	<u>\$ 311,979</u>	<u>\$ 92,299</u>

Maturities on long-term debt that are subject to mandatory redemption are as follows:

2022	\$ 37,921
2023	34,169
2024	43,454
2025	44,650
2026	45,806
Remainder	143,900

**Farm Rescue**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended June 30, 2021 and 2020**

7. Retirement Plans

**Farm Rescue** is enrolled in a SIMPLE IRA retirement plan. Employees who earned at least \$5,000 in compensation during any of the two preceding calendar years and were reasonably expected to earn \$5,000 in compensation in the current calendar year are eligible. The Organization matches up to 3 percent of the gross salary for participating employees. Employer contributions are immediately 100% vested. Pension expense for the years ended June 30, 2021 and 2020 was \$6,506 and \$5097, respectively.

8. Related Party Transactions

Farm Rescue entered into a lease agreement on June 21, 2016 with Farm Rescue Foundation, a related party, to lease the 2010 Mack semi-truck and Landoll low boy trailer. The term of the lease is based on per mileage rate of \$3.00 per mile for either piece of equipment separately or \$5.00 per mile for the combined use of the equipment. The lease rates were changed to \$5.00 per mile for use of each piece of equipment separately or \$6.00 per mile for the combined use effective December 21, 2016. The related party lease expense totaled \$0 and \$29,735 for the years ended June 30, 2021 and 2020, respectively. Other lease expense was \$138,427 and \$0 for the years ended June 30, 2021 and 2020, respectively.

9. Subsequent Events

**Farm Rescue** has evaluated subsequent events through January 10, 2022, which is the date the financial statements were available to be issued.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce, financial markets, and general business operations around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Farm Rescue is closely monitoring the amount of funding utilized per assistance case to ensure adequate resources to sustain ongoing operations. Farm Rescue has also expanded its assistance efforts to support farm and ranch families affected by the COVID-19 virus. The extent of impact of COVID-19 on Farm Rescue's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Farm Rescue's volunteer base, employees, business sponsors, and individual donors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Farm Rescue's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**SUPPLEMENTARY INFORMATION**



**Farm Rescue**  
**SUPPLEMENTARY INFORMATION**  
**Years Ended June 30, 2021 and 2020**

**PROGRAM EXPENSES**

	2021	2020
Salaries	\$ 229,149	\$ 158,820
Payroll taxes	18,611	13,563
Retirement	5,011	1,347
Workforce safety	1,129	1,252
Field and farm show supplies	48,864	19,724
Equipment expenses	309,743	104,522
Vehicle expenses	11,032	2,980
Contract services	15,294	34,875
Apparel	16,108	2,906
Meals	10,047	10,140
Lodging	48,399	39,074
Fuel	42,731	29,653
Supplies	1,349	1,941
Telephone, communications	9,820	6,635
Internet	27,093	26,298
Postage, mailing	5,356	4,940
Printing, videography	10,752	6,265
Insurance, liability	77,900	72,188
Advertising and marketing	103,473	45,341
Decals and banners	19,059	13,945
Miscellaneous	4,415	2,191
Depreciation	434,194	363,822
Interest	4,025	7,556
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 1,453,554</b>	<b>\$ 969,978</b>

**SUPPORTING SERVICES**  
**MANAGEMENT AND GENERAL EXPENSES**

Salaries	\$ 58,931	\$ 72,978
Payroll taxes	4,786	6,232
Retirement	334	3,750
Telephone, communications	1,733	1,171
Internet	27,093	26,299
Postage, mailing	5,356	4,940
Licenses and fees	21,656	5,883
Legal and accounting	15,968	17,946
Office supplies	6,553	5,600
Mileage/transportation	1,059	(316)
Banquet		17,036
Rent	1,690	191
Printing	1,897	1,106
Bank charges	6,640	832
Depreciation	7,438	7,438
Miscellaneous	9,451	5,315
<b>TOTAL MANAGEMENT AND GENERAL EXPENSES</b>	<b>\$ 170,585</b>	<b>\$ 176,401</b>