

DAKOTA WOODLANDS, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dakota Woodlands, Inc.
Eagan, Minnesota

Opinion

We have audited the accompanying financial statements of Dakota Woodlands, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dakota Woodlands, Inc. as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Dakota Woodlands, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Dakota Woodlands, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Mark Harrington, CPA (Retired) | Wayne Langer, CPA | Greg Emmerich, CPA | Michael Belknap, CPA
Nichole Fairbanks, CPA | Jesse Fraley, CPA | Anna Anderson, CPA | Steven Schurhamer, CPA | Logan Jensen, CPA

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Dakota Woodlands, Inc.'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 Dakota Woodlands, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Dakota Woodlands, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Langer & Associates

March 15, 2024

DAKOTA WOODLANDS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 237,357	\$ 362,794
Accounts receivable, less allowance of \$33,000 and \$41,000, respectively	46,996	29,726
Contributions receivable	40,699	25,547
Prepays	16,858	19,747
Investments	882,504	782,194
	1,224,414	1,220,008
TOTAL CURRENT ASSETS		
 PROPERTY AND EQUIPMENT, at cost		
Land	122,038	122,038
Building and improvements	2,998,046	2,829,975
Furniture and equipment	93,146	84,447
Vehicles	26,234	26,234
	3,239,464	3,062,694
Less: accumulated depreciation	(2,154,502)	(2,041,893)
	1,084,962	1,020,801
TOTAL PROPERTY AND EQUIPMENT, net		
	\$ 2,309,376	\$ 2,240,809
TOTAL ASSETS		
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 29,052	\$ 35,109
Accrued expenses	52,267	32,487
Deferred revenue	-	5,000
	81,319	72,596
TOTAL CURRENT LIABILITIES		
 NET ASSETS		
Without donor restrictions	2,228,057	2,168,213
With donor restrictions	-	-
	2,228,057	2,168,213
TOTAL NET ASSETS		
	\$ 2,309,376	\$ 2,240,809
TOTAL LIABILITIES AND NET ASSETS		

DAKOTA WOODLANDS, INC.
STATEMENT OF ACTIVITIES
December 31, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
SUPPORT AND REVENUE				
Grants and contributions	\$ 546,763	-	\$ 546,763	\$ 906,727
County program fees, net of contractual adjustments of \$429,594 and \$393,174, respectively	787,551	-	787,551	739,077
Fundraising event, net of expenses of \$2,165	21,435	-	21,435	-
In-kind contributions	149,005	-	149,005	155,361
Investment income (loss), net of fees	111,737	-	111,737	(148,994)
Loss on asset disposal	(183)	-	(183)	-
Miscellaneous	2,114	-	2,114	10,097
Net assets released from restrictions	-	-	-	-
TOTAL SUPPORT AND REVENUE	\$ 1,618,422	-	1,618,422	1,662,268
EXPENSES				
Program services	1,235,262	-	1,235,262	1,181,944
Management and general	187,260	-	187,260	147,613
Development and fundraising	136,056	-	136,056	120,729
TOTAL EXPENSES	1,558,578	-	1,558,578	1,450,286
CHANGE IN NET ASSETS	59,844	-	59,844	211,982
NET ASSETS, BEGINNING	2,168,213	-	2,168,213	1,956,231
NET ASSETS, ENDING	\$ 2,228,057	\$ -	\$ 2,228,057	\$ 2,168,213

DAKOTA WOODLANDS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 59,844	\$ 211,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	118,987	103,657
Change in allowance for doubtful accounts	8,000	34,000
Realized and unrealized (gain) loss on investment, net	(90,355)	160,555
Interest and dividends reinvested	(2,360)	(16,834)
Loss on sale of property and equipment	183	-
(Increase) decrease in:		
Accounts receivable	(25,270)	(19,240)
Contributions receivable	(15,152)	(6,266)
Prepays	2,889	(6,744)
Increase (decrease) in:		
Accounts payable	(6,057)	17,698
Accrued expenses	19,780	(3,858)
Deferred revenue	(5,000)	5,000
	<u>65,489</u>	<u>479,950</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(90,018)	(15,475)
Proceeds from sale of investments	82,422	19,779
Purchase of property and equipment	(183,330)	(408,839)
	<u>(190,926)</u>	<u>(404,535)</u>
NET CASH USED IN INVESTING ACTIVITIES		
	<u>(125,437)</u>	<u>75,415</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	<u>362,794</u>	<u>287,379</u>
CASH AND CASH EQUIVALENTS, BEGINNING		
	<u>362,794</u>	<u>287,379</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 237,357</u>	<u>\$ 362,794</u>

DAKOTA WOODLANDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	Program Services	Management and General	Development and Fundraising	Total 2023	Total 2022
Salaries	\$ 625,132	\$ 111,833	\$ 107,694	\$ 844,659	\$ 739,037
Payroll taxes	69,968	12,517	12,054	94,539	90,579
Employee benefits	55,231	9,881	9,515	74,627	73,227
Total Personnel Expenses	750,331	134,231	129,263	1,013,825	902,843
Professional services	8,288	39,123	2,234	49,645	14,980
Staff development	1,449	4,717	-	6,166	711
Mileage	432	-	-	432	2,927
Client supportive services	44,591	241	-	44,832	50,515
In-kind program needs	149,005	-	-	149,005	155,361
Dues and subscriptions	517	550	-	1,067	2,315
Building and maintenance	86,363	1,238	433	88,034	69,790
Equipment purchase and agreements	-	-	-	-	56,594
Postage	34	480	-	514	553
Utilities	43,439	1,177	786	45,402	48,669
Telephone	6,253	1,364	581	8,198	8,693
Insurance	18,395	581	387	19,363	18,348
Depreciation	113,057	3,558	2,372	118,987	103,657
Miscellaneous	10,254	-	-	10,254	13,130
Reimbursements	2,854	-	-	2,854	1,200
Special events	-	-	2,165	2,165	-
Contractual adjustments	429,594	-	-	429,594	393,174
Total Expenses by Function	1,664,856	187,260	138,221	1,990,337	1,843,460
Less expenses included with revenue on the statement of activities					
Contractual adjustments	(429,594)	-	-	(429,594)	(393,174)
Special events	-	-	(2,165)	-	-
Total expenses included in the expense section on the statement of activities	\$ 1,235,262	\$ 187,260	\$ 136,056	\$ 1,560,743	\$ 1,450,286

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Dakota Woodlands, Inc. (the Organization) is a non-profit organization established for charitable purposes located in Eagan, Minnesota. Dakota Woodlands is a pathway to sustainable and independent housing for homeless women and families by providing a continuum of supportive services. During this time, residents are provided with a variety of supportive services and education to address their many issues related to homelessness and help them to successfully obtain and maintain permanent housing.

Basis of Presentation:

The accompanying financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization 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 the Organization'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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement:

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how the Organization will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were contracts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Revenue Recognition:

The Organization recognizes revenue from exchange transaction, primarily from agreements with government agencies to provide housing supportive services, as the services are provided to the client. These amounts are included in program services. Special event revenue is recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference.

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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued):

A portion of the Organization's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of approximately \$158,000, that have not been recognized at December 31, 2023 because qualifying expenditures have not yet been incurred, with advance payments of \$50,347, recognized in the statement of financial position as grants and contributions.

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. Special event revenue is recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference.

In-kind Contributions:

Donated goods, equipment, services, and facilities are recorded at fair value at the date of donation. Donated services are recorded when there is an objective basis to measure the value of such services and the service involves specialized skills that would be purchased, if not provided by donation.

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as the result of other concentrations of credit risk.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Allowance for Credit Losses:

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write offs was immaterial to the financial statements as a whole for the year ended December 31, 2023. At December 31, 2023, management provided an allowance for credit losses of \$33,000.

Contributions Receivable:

The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. At December 31, 2023, management considers all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Investments:

Investments are stated at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the increase (decrease) in net assets without donor restrictions unless the income or loss is restricted by donor or law. Donated investments are recorded at fair value as of the date of the donation.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment:

Property and equipment are recorded at cost. Expenditures for renewals and betterments are capitalized. Property and equipment acquired by donation, if material, is stated at fair value at the time of the donation. Repairs and maintenance costs are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is reflected in the results of operation. Depreciation expense is calculated on the straight-line method over the estimated useful lives of the assets:

	<u>Years</u>
Building and improvements	5 - 39
Furniture and equipment	7 - 20
Vehicles	5

Depreciation expense was \$118,987 for the year ended December 31, 2023.

Impairment of Long-Lived Assets:

The Organization periodically reviews its long-lived assets for impairment and assesses whether significant events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the anticipated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated by the excess of the asset's carrying value over its fair value. Management does not believe impairment indicators are present for the year ended December 31, 2023.

Accrued Vacation and Personal Leave:

The Organization followed the practice of accruing vacation and personal pay in the period in which the employee earns such vacation and personal time off for the year ended December 31, 2023. Unused amounts are reflected in the financial statements as accrued expenses.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and disclosures in these financial statements. Actual results could differ from those estimates.

Income Taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for uncertain positions that more likely than not would not be sustained upon examination by the applicable tax authorities. Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

Functional Allocation of Expenses:

Certain costs have been allocated between program, management and general and development and fundraising. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on the best estimates of management.

Comparative Financial Information:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements from the year ended December 31, 2022, from which the summarized information was derived.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 15, 2024, the date the financial statements were available to be issued.

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure within one year, at December 31, 2023.

	<u>2023</u>
Financial assets at year-end	
Cash and cash equivalents	\$ 237,357
Accounts receivable	46,996
Contributions receivable	40,699
Investments	<u>882,504</u>
 Total financial assets available to meet general expenditures within one year	 <u>\$ 1,207,556</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in money market accounts, and exchange rate funds.

NOTE 3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value at a recurring basis. There were no changes in the valuation methodologies.

Exchange-traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

Investments are stated at fair value, which is based on quoted market prices. A summary of the fair values of investments by type at December 31, 2023 is as follows:

	Investments at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Exchange-traded funds	<u>\$ 882,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 882,504</u>

The following schedule summarized the investment income for the year ended December 31, 2023:

	2023
Dividends and interest	\$ 30,862
Realized/unrealized gains	90,355
Fees	(9,480)
	\$ 111,737

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan for its employees. This plan covers all employees who meet certain age and service requirements. The Organization makes matching contributions up to four percent of the employee's gross compensation. Retirement expense for the year ended December 31, 2023 was \$11,767.

NOTE 5. DONATED FOOD, OTHER ITEMS AND SERVICES

The Organization received donated items of food, personal care items, supplies, and household items of \$149,005 for the year ended December 31, 2023.

During the year ended December 31, 2023, the Organization received the following in-kinds:

	<u>2023</u>
Food donations	<u>\$ 134,075</u>
Non-food donations	<u>14,930</u>
Total in-kind donations	<u><u>\$ 149,005</u></u>

The Organization recognized the in-kind contributions within revenue. The in-kind contributions did not have any donor-imposed restrictions.

The Organization also received donated services from a variety of unpaid volunteers who make contributions of their time in conjunction with the program and services. No amounts have been recognized for these services in the accompanying statement of activities because the criteria for recognition of such volunteer effort as contributed services have not been satisfied. Management's estimate of donated time for the year ended December 31, 2023 is 2,726 hours from 744 volunteers. Contributions of nonfinancial assets were utilized for programs and had no donor restrictions. Values were based on current market rates the Organization would have paid had the donation not occurred. These donations were used in the year of contribution.

NOTE 6. CONCENTRATIONS

For the year ended December 31, 2023, payments from Dakota County accounted for approximately 49% of total support and revenue.

DAKOTA WOODLANDS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7. BORROWING ARRANGEMENTS

The Organization maintains a credit card arrangement with Bremer Bank upon which they can borrow up to \$40,000. Balances on this account accrue interest at a rate of 18.49%. This account is unsecured and is paid in full each month. Outstanding balances on this account totaled \$3,055 at December 31, 2023, and are included in accounts payable.