

**CAN DO CANINES**  
(A Non-Profit Corporation)

**Audited Financial Statements**  
Year ended December 31, 2018  
(With comparative totals for 2017)

## **TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Statement of Financial Position

Statement of Activities and Changes in Net Assets

Statement of Functional Expenses -- 2018

Statement of Functional Expenses -- 2017

Statement of Cash Flows

NOTES TO FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE

# *KNEISL CPA, LTD*

*Certified Public Accountant*

Forest Lake, MN  
651.464.2433 Kneisl.net

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
CAN DO CANINES  
Minneapolis, Minnesota

I have audited the accompanying financial statements of **CAN DO CANINES** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017 and 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United State of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CAN DO CANINES** as of December 31, 2018 and 2017, 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 State of America.



Kneisl CPA, Ltd

Forest Lake, MN  
May 28, 2019

CAN DO CANINES  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,630,827	\$ 1,823,061
Unconditional Promises to Give	107,682	31,441
Prepays & inventory	6,283	9,935
Total current assets	<u>2,744,792</u>	<u>1,864,437</u>
Unconditional Promises to Give- Long Term	320,218	149,482
<b>PROPERTY AND EQUIPMENT</b>		
Vehicles & equipment	210,990	189,059
Land and building	3,489,031	3,489,031
Less accumulated depreciation	(922,060)	(826,686)
Total Property and Equipment- Net	<u>2,777,961</u>	<u>2,851,404</u>
<b>TOTAL ASSETS</b>	<u><u>5,842,971</u></u>	<u><u>4,865,323</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	38,716	40,224
Accrued expenses	73,857	66,929
Deferred Revenue	4,320	0
Total current liabilities	<u>116,893</u>	<u>107,153</u>
<b>NET ASSETS</b>		
Net Assets without Donor Restrictions	3,684,178	4,577,247
Board Designated Donor Restrictions	1,614,000	
Total	<u>5,298,178</u>	<u>4,577,247</u>
Net Assets with Donor Restrictions	427,900	180,923
Total net assets	<u><u>5,726,078</u></u>	<u><u>4,758,170</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,842,971</u></u>	<u><u>\$ 4,865,323</u></u>

the accompanying footnotes are an integral part of these financial statements

**CAN DO CANINES**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			
	Without Donor Restrictions	With Donor Restrictions	total	2017
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public support				
Individual & corporate	\$ 1,323,370	\$ 379,100	\$ 1,702,470	\$ 1,060,734
Service clubs donations	169,912	-	169,912	215,341
Foundations grants	329,284	235,860	565,144	554,498
Federated fundraisers	113,906		113,906	100,503
Earned income - net	47,740		47,740	74,565
Special events - net	671,463	-	671,463	242,184
In-kind contributions	181,357	-	181,357	99,246
Total public support	2,837,032	614,960	3,451,992	2,347,071
Investment income (loss)	6,563	-	6,563	1,711
Net assets released from restrictions	367,983	(367,983)	-	-
Total support and revenue	3,211,578	246,977	3,458,555	2,348,781
<b>EXPENSES</b>				
Program expenses	2,100,143	-	2,100,143	1,622,192
Support services				
Management and general	116,042	-	116,042	124,966
Fundraising	274,461	-	274,461	202,452
Total support services	390,503		390,503	327,418
Total expenses	2,490,647	-	2,490,647	1,949,610
INCREASE IN NET ASSETS	720,931	246,977	967,908	399,171
NET ASSETS - BEGINNING	4,577,247	180,923	4,758,170	4,358,999
NET ASSETS - ENDING	\$ 5,298,178	\$ 427,900	\$ 5,726,078	\$ 4,758,170

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

CAN DO CANINES  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2018 AND 2017

	Program Services	Supporting Services			Totals	
		Admin	Fundraising	Total Supporting Services	2018	2017
Salaries and wages	1,187,552	57,705	129,151	186,856	\$ 1,374,408	\$ 1,084,177
Payroll fringes	261,220	12,150	30,374	42,524	303,744	259,825
Total salaries and fringes	1,448,772	69,854	159,525	229,380	1,678,152	1,344,002
Dog acquisitions	-	-	-	-	-	5,152
Vet, trainers & interpreters	98,609	-	-	-	98,609	88,409
Dog supplies	70,904	-	-	-	70,904	99,238
Accounting & legal	5,200	500	500	1,000	6,200	6,040
Consultants	-	13,516	63,985	77,501	77,501	21,092
Internet and phone	12,934	602	1,504	2,106	15,039	16,359
Occupancy	28,591	1,330	3,325	4,654	33,245	32,002
Administrative & general office	100,778	4,687	11,718	16,406	117,184	137,265
Printing & publications	-	19,986	19,986	39,972	39,972	49,844
Travel & vehicle costs	37,676	1,752	4,381	6,133	43,809	35,871
Education	9,858	-	-	-	9,858	1,430
Promotion - dog video	-	-	-	-	-	18,439
Pledge write offs	13,442	-	-	-	13,442	50
Contributions	10,000	-	-	-	10,000	-
In Kind Donations	181,357	-	-	-	181,357	-
Total exps before depreciation	2,018,122	112,227	264,924	377,151	2,395,273	1,855,192
Depreciation	82,022	3,815	9,537	13,352	95,374	94,418
Total expenses	<u>\$ 2,100,143</u>	<u>116,042</u>	<u>274,461</u>	<u>390,503</u>	<u>\$ 2,490,647</u>	<u>\$ 1,949,610</u>

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

CAN DO CANINES  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2017 AND 2016

	Program Services	Supporting Services			Totals	
		Admin	Fundraising	Total Supporting Services	2017	2016
Salaries and wages	921,791	64,500	97,886	162,386	\$ 1,084,177	\$ 1,000,512
Payroll fringes	220,851	15,589	23,384	38,974	259,825	228,307
Total salaries and fringes	1,142,642	80,089	121,270	201,360	1,344,002	1,228,819
Dog acquisitions	5,152	-	-	-	5,152	19,845
Vet, trainers & interpreters	88,409	-	-	-	88,409	65,104
Dog supplies	99,238	-	-	-	99,238	68,893
Accounting & legal	5,040	500	500	1,000	6,040	5,900
Consultants	-	-	21,092	21,092	21,092	14,015
Internet and phone	13,905	982	1,472	2,454	16,359	12,786
Occupancy	27,202	1,920	2,880	4,800	32,002	36,438
Administrative & general office	116,675	8,236	12,354	20,590	137,265	68,235
Printing & publications	0	24,922	24,922	49,844	49,844	53,651
Travel & vehicle costs	30,490	2,152	3,228	5,381	35,871	36,897
Education	430	500	500	1,000	1,430	5,268
Promotion - dog video	12,704	-	5,735	5,735	18,439	4,138
Pledge write offs	50	-	-	-	50	8,680
Total exps before depreciation	1,541,937	119,301	193,954	313,255	1,855,192	1,628,668
Depreciation	80,255	5,665	8,498	14,163	94,418	93,286
Total expenses	<u>\$ 1,622,192</u>	<u>124,966</u>	<u>202,452</u>	<u>327,418</u>	<u>\$ 1,949,610</u>	<u>\$ 1,721,954</u>

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



**CAN DO CANINES**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 967,908	\$ 399,171
Adjustments to reconciled net assets		
Depreciation	95,374	94,418
Changes in assets & liabilities:		
(increase) decrease in grants receivable	(246,977)	27,324
(increase) decrease in inventory	3,652	(299)
increase (decrease) in accounts payable	(1,508)	2,297
increase (decrease) in accruals	6,928	24,114
increase (decrease) in Deferred Revenue	4,320	-
Net cash from operations	<u>829,697</u>	<u>547,026</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equipment purchases	(21,931)	-
	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>(21,931)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Debt on building	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	807,766	547,026
<b>CASH EQUIVALENTS - BEGINNING</b>	<u>1,823,061</u>	<u>1,276,035</u>
<b>CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 2,630,827</u></u>	<u><u>\$ 1,823,061</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Property Purchased with Note Payable	<u>\$ -</u>	<u>\$ -</u>

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

**Can Do Canines**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND PROGRAM SERVICES**

The organization was incorporated in 1987 and is dedicated to enhancing the quality of life for people with disabilities by creating mutually beneficial partnerships with specially trained dogs. Initially the Organization worked with all shelter dogs, and provided services for deaf clients. In 1995, they expanded programs to serve people with physical disabilities. The Organization's service area includes both Minnesota and Wisconsin.

In recent years, they added new services, providing assistance dogs to children with autism, people with type-1 diabetes complicated by hypoglycemia unawareness and people with seizure disorders. At the end of 2009 they adopted a new name—Can Do Canines—to better reflect the increased services and expanded service area.

The programs have expanded to obtaining dogs from shelters, accepting donated puppies and dogs, breeding their own dogs and participating in an international breeding cooperative comprised of similar assistance dog organizations. Puppies continue to be raised by volunteer puppy raisers and now are also raised and trained in four prisons across Minnesota.

The dogs, professional training, interpreting, obedience instruction, medical care and other supplies are provided to qualified applicants at no charge.

In 2009, the organization acquired a four-acre property in New Hope Minnesota, began rehabilitation of the existing structure, created office, meeting and training space to accommodate more than 40 employees and added kennel facilities with a maximum capacity of 50 dogs. The fully accessible 20,000 square foot facility was occupied in 2010 and rehabilitation was completed in 2013. Contributions and pledges combined to eliminate the contract of deed debt in 2017.

**BASIS OF ACCOUNTING**

The organization uses the accrual basis of accounting.

**CASH AND CASH EQUIVILANTS**

The Organization includes all highly liquid debt instruments purchased with an initial maturity of twelve months or less as cash equivalents. The balances may, at times, exceed federally insured limits. The Organization has not experienced any loss on these accounts and believes it is not exposed to any significant credit risk.

**Can Do Canines**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

UNCONDITIONAL PROMISES TO GIVE/ REVENUE RECOGNITION

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional pledges are recorded as income in the year in which verified evidence of the pledges is received. Pledges payable in future periods are considered time-restricted. These pledges are recorded as restricted receivables, at their present value, until they are paid.

Support that is restricted by the donor is reported as revenue with restrictions and as an increase in net assets with donor restrictions. When the restriction expires i.e. when a stipulated time ends or purpose is accomplished, the restricted assets are reclassified to unrestricted and reported in the Statement of Activities as an increase in net assets without donor restrictions.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

The organization adopted Statement of Financial Accounting Standards 2016-14, Presentation of Financial Statements of Nonprofit Entities. As such, all information regarding its financial position and activities are reported within two classes of net assets. Net assets with donor restrictions and net assets without donor restrictions. Restrictions are considered as either imposed by purpose or by time.

PROPERTY AND EQUIPMENT

Furniture and equipment is recorded at cost or fair market value at time of donation. Depreciations is computed using the straight-line method over estimated useful life of 3 to 10 years. The cost of maintenance is expensed as incurred and significant improvements are capitalized. The building is depreciated over its estimated life of 31.5 years.

**Can Do Canines**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**DONATED SERVICES AND MATERIALS**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that enhance non-financial assets are recorded at their fair value. The organization received donations of 2 dogs in 2018 estimated at \$1,100 and received donations of 4 dogs in 2017 estimated at \$4,800. All dog costs are expensed when received.

**CONCENTRATIONS**

The Organization maintains its cash in interest bearing accounts at financial institutions and at various times the balance may exceed the federal deposit insurance amount.

**ADVERTISING**

The Organization expenses advertising costs as they are incurred.

**SUBSEQUENT EVENTS**

The Organization was evaluated for material subsequent events through May 20, 2019, the date the financial statements were issued.

**NOTE 2 – INCOME TAXES**

The organization is exempt from taxes under Internal Revenue Code Section 501 (c) (3). As such, all contributions to the organizations qualify as a charitable deduction by the donor.

**NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES**

The cost of programs and supporting services has been summarized on a functional basis. Salaries and related expenses are allocated to program and services based on the actual time spent on each program. The remaining expenses are specifically allocated whenever practical, and when this is impractical, are allocated on the best estimate of management.

**NOTE 4 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Assets were released from restriction in 2018 and 2017 in the amount of \$ 367,983 and \$179,223 respectfully.

**Can Do Canines**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 5 – DONATED SERVICES AND PROPERTY**

The organization recorded in-kind contributions of \$181,357 and \$99,246 in 2018 and 2017, respectfully. These contributions are comprised of the following:

	<u>2018</u>	<u>2017</u>
Veterinarian services	\$ 28,474	\$ 27,892
Dogs & supplies	16,190	20,827
Equipment & vehicles	0	6,000
Office supplies & other	84,695	13,462
Prizes	<u>51,998</u>	<u>31,065</u>
	\$ <u>181,357</u>	\$ <u>99,246</u>

The organization receives significant amounts of donated services from substantial numbers of unpaid volunteers who assist in the program services of the organization.

**NOTE 6 – PENSION PLAN**

The organization has established a defined contribution plan covering all full time employees who have completed one year of service and have attained the age of 18 years. The contribution is discretionary and is determined each year by the board. For the years ended December 31, 2018 and 2017 organization contributions to the plan were \$26,272 and \$21,948 , respectively.

# *KNEISL CPA, LTD*

*Certified Public Accountant*

Forest Lake MN  
651.464.2433 Kneisl.net

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE**

To the Board of Directors  
**CAN DO CANINES**

I have audited the financial statements of **CAN DO CANINES** as of and for the year ended December 31, 2018 and have issued my report thereon dated May 28, 2019.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of the organization for the period ended December 31, 2018, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the organization is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with managements' authorization and recorded properly to permit the preparation of financial statements in accordance with the income tax basis. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no material matters involving the internal control structure that I consider to be material weaknesses as defined above.

This report is intended for the information of the organization.



KNEISL CPA, LTD.  
May 28, 2019