

CAN DO CANINES
(A Non-Profit Corporation)

Audited Financial Statements
Year ended December 31, 2019
(With comparative totals for 2018)

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 – 2019

Statement of Functional Expenses – 2018

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, 2019 and 2018 and related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Kneisl CPA, Ltd

Forest Lake, MN
July 27, 2020

CAN DO CANINES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,698,480	\$ 2,630,827
Accounts receivable	1,920	\$ -
Unconditional Promises to Give	161,444	107,682
Prepays & inventory	5,273	6,283
Total current assets	<u>2,867,117</u>	<u>2,744,792</u>
Unconditional Promises to Give- Long Term	269,545	320,218
PROPERTY AND EQUIPMENT		
Vehicles & equipment	210,990	210,990
Land and building	3,489,031	3,489,031
Less accumulated depreciation	<u>(1,019,353)</u>	<u>(922,060)</u>
Total Property and Equipment- Net	<u>2,680,668</u>	<u>2,777,961</u>
TOTAL ASSETS	<u><u>5,817,330</u></u>	<u><u>5,842,971</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	51,206	38,716
Accrued expenses	137,948	73,857
Deferred Revenue	<u>0</u>	<u>4,320</u>
Total current liabilities	<u>189,154</u>	<u>116,893</u>
NET ASSETS		
Net Assets without Donor Restrictions	3,583,187	3,684,178
Board Designated Restrictions	<u>1,614,000</u>	<u>1,614,000</u>
Total	<u>5,197,187</u>	<u>5,298,178</u>
Net Assets with Donor Restrictions	430,989	427,900
Total net assets	<u>5,628,176</u>	<u>5,726,078</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,817,330</u></u>	<u><u>\$ 5,842,971</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, 2019 AND 2018

	2019			
	Without Donor Restrictions	With Donor Restrictions	total	2018
PUBLIC SUPPORT AND REVENUE				
Public support				
Individual & corporate	\$ 1,139,210	\$ 136,874	\$ 1,276,084	\$ 1,702,470
Service clubs donations	183,398	-	183,398	169,912
Foundations grants	467,832	10,000	477,832	565,144
Federated fundraisers	116,511	-	116,511	113,906
Earned income - net	59,637	-	59,637	47,740
Special events - net	399,682	-	399,682	671,463
In-kind contributions	76,878	-	76,878	181,357
Total public support	<u>2,443,148</u>	<u>146,874</u>	<u>2,590,022</u>	<u>3,451,992</u>
Investment income	21,278	-	21,278	6,563
Net assets released from restrictions	<u>143,785</u>	<u>(143,785)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,608,211</u>	<u>3,089</u>	<u>2,611,300</u>	<u>3,458,555</u>
EXPENSES				
Program expenses	2,292,989	-	2,292,989	2,100,143
Support services				
Management and general	177,408	-	177,408	116,042
Fundraising	238,805	-	238,805	274,461
Total support services	<u>416,213</u>	<u>-</u>	<u>416,213</u>	<u>390,503</u>
Total expenses	<u>2,709,202</u>	<u>-</u>	<u>2,709,202</u>	<u>2,490,647</u>
INCREASE IN NET ASSETS	(100,991)	3,089	(97,902)	967,908
NET ASSETS - BEGINNING	<u>5,298,178</u>	<u>427,900</u>	<u>5,726,078</u>	<u>4,758,170</u>
NET ASSETS - ENDING	<u>\$ 5,197,187</u>	<u>\$ 430,989</u>	<u>\$ 5,628,176</u>	<u>\$ 5,726,078</u>

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

CAN DO CANINES
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2019 AND 2018

	Supporting Services				Totals	
	Program Services	Admin	Fundraising	Total Supporting Services	2019	2018
Salaries and wages	1,374,781	61,702	155,315	217,017	\$ 1,591,798	\$ 1,374,408
Payroll fringes	317,635	14,774	36,934	51,708	369,343	303,744
Total salaries and fringes	1,692,416	76,476	192,249	268,725	1,961,141	1,678,152
Dog acquisitions	-	-	-	-	-	-
Vet, trainers & interpreters	75,208	-	-	-	75,208	98,609
Dog supplies - net of charges	162,704	-	-	-	162,704	70,904
Accounting & legal	6,900	-	-	-	6,900	6,200
Consultants	-	73,343	-	73,343	73,343	77,501
Internet and phone	12,820	596	1,491	2,087	14,907	15,039
Occupancy	28,860	1,342	3,356	4,698	33,558	33,245
Administrative & general office	94,514	4,396	10,990	15,386	109,900	117,184
Printing & publications	-	14,945	14,945	29,890	29,890	39,972
Travel & vehicle costs	51,983	2,418	6,045	8,462	60,446	43,809
Education	4,656	-	-	-	4,656	9,858
Pledge write offs	2,378	-	-	-	2,378	13,440
Contributions	-	-	-	-	-	10,000
In Kind Donations	76,878	-	-	-	76,878	181,357
Total exps before depreciation	2,209,317	173,516	229,075	402,592	2,611,909	2,395,273
Depreciation	83,672	3,892	9,729	13,621	97,293	95,374
Total expenses	<u>\$ 2,292,989</u>	<u>177,408</u>	<u>238,805</u>	<u>416,213</u>	<u>\$ 2,709,202</u>	<u>\$ 2,490,647</u>

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

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

	Supporting Services				Totals	
	Program Services	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 CASH FLOWS
DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ (97,902)	\$ 967,908
Adjustments to reconciled net assets		
Depreciation	97,293	95,374
Changes in assets & liabilities:		
(increase) decrease in grants receivable	(5,009)	(246,977)
(increase) decrease in inventory	1,010	3,652
increase (decrease) in accounts payable	12,490	(1,508)
increase (decrease) in accruals	64,091	6,928
increase (decrease) in Deferred Revenue	(4,320)	4,320
Net cash from operations	<u>67,653</u>	<u>829,697</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchases	-	(21,931)
	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>-</u>	<u>(21,931)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt on building	-	-
	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	67,653	807,766
CASH EQUIVALENTS - BEGINNING	<u>2,630,827</u>	<u>1,823,061</u>
CASH EQUIVALENTS - ENDING	<u><u>\$ 2,698,480</u></u>	<u><u>\$ 2,630,827</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Property Purchased with Note Payable	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018

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 13 dogs in 2019 estimated at \$ 13,568 and received donations of 2 dogs in 2018 estimated at \$1,100. 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 July 24, 2020, 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 2019 and 2018 in the amount of \$143,785 and \$367,983 respectively.

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5 – DONATED SERVICES AND PROPERTY

The organization recorded in-kind contributions of \$ 76,878 and \$181,357 in 2019 and 2018, respectfully. These contributions are comprised of the following:

	<u>2019</u>	<u>2018</u>
Veterinarian services	\$ 32,668	\$ 28,474
Dogs & supplies	21,457	16,190
Equipment & vehicles	0	0
Office supplies & other	1,600	84,695
Prizes	<u>21,153</u>	<u>51,998</u>
	\$ <u>76,878</u>	\$ <u>181,357</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, 2019 and 2018 organization contributions to the plan were \$33,073 and \$26,272, 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, 2019 and have issued my report thereon dated July 29, 2020.

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, 2019, 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.
July 29, 2020