

CAN DO CANINES
(A Non-Profit Corporation)

Audited Financial Statements
Year ended December 31, 2020
(With comparative totals for 2019)

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KNEISL CPA, LTD

Certified Public Accountant

Forest Lake, MN
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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, 2020 and 2019 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, 2020 and 2019, 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
June 7, 2021

CAN DO CANINES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,942,344	\$ 2,698,480
Accounts receivable	29,900	\$ 1,920
Unconditional Promises to Give	101,995	161,444
Prepays & inventory	10,100	5,273
Total current assets	3,084,339	2,867,117
Unconditional Promises to Give- Long Term	174,100	269,545
PROPERTY AND EQUIPMENT		
Vehicles & equipment	210,990	210,990
Land and building	3,537,451	3,489,031
Less accumulated depreciation	(1,111,408)	(1,019,353)
Total Property and Equipment- Net	2,637,033	2,680,668
TOTAL ASSETS	5,895,472	5,817,330
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	74,497	51,206
Accrued expenses	102,069	137,948
Deferred Revenue	29,900	0
Total current liabilities	206,466	189,154
NET ASSETS		
Net Assets without Donor Restrictions	3,612,911	3,583,187
Board Designated Restrictions	1,800,000	1,614,000
Total	5,412,911	5,197,187
Net Assets with Donor Restrictions	276,095	430,989
Total net assets	5,689,006	5,628,176
TOTAL LIABILITIES AND NET ASSETS	\$ 5,895,472	\$ 5,817,330

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, 2020 AND 2019

	2020		total	2019
	Without Donor Restrictions	With Donor Restrictions		
PUBLIC SUPPORT AND REVENUE				
Public support				
Individual & corporate	\$ 1,162,704	\$ 9,248	\$ 1,171,952	\$ 1,276,084
Service clubs donations	148,931	-	148,931	183,398
Foundations grants	527,616	-	527,616	477,832
Federated fundraisers	106,885	-	106,885	116,511
Earned income - net	8,626	-	8,626	59,637
PPP grant	386,965	-	386,965	-
Special events - net	343,915	-	343,915	399,682
In-kind contributions	90,460	-	90,460	76,878
Total public support	<u>2,776,102</u>	<u>9,248</u>	<u>2,785,350</u>	<u>2,590,022</u>
Investment income	27,961	-	27,961	21,278
Net assets released from restrictions	<u>164,142</u>	<u>(164,142)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,968,205</u>	<u>(154,894)</u>	<u>2,813,311</u>	<u>2,611,300</u>
EXPENSES				
Program expenses	2,297,815	-	2,297,815	2,292,989
Support services				
Management and general	212,329	-	212,329	177,408
Fundraising	242,337	-	242,337	238,505
Total support services	<u>454,666</u>	<u>-</u>	<u>454,666</u>	<u>416,213</u>
Total expenses	<u>2,752,481</u>	<u>-</u>	<u>2,752,481</u>	<u>2,709,202</u>
INCREASE IN NET ASSETS	215,724	(154,894)	60,830	(97,902)
NET ASSETS - BEGINNING	<u>5,197,187</u>	<u>430,989</u>	<u>5,628,176</u>	<u>5,726,078</u>
NET ASSETS - ENDING	<u>\$ 5,412,911</u>	<u>\$ 276,095</u>	<u>\$ 5,689,006</u>	<u>\$ 5,628,176</u>

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

CAN DO CANINES
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2020 AND 2019

	Supporting Services			Total Supporting Services	Totals	
	Program Services	Admin	Fundraising		2020	2019
Salaries and wages	1,382,123	67,410	155,685	223,095	\$ 1,605,218	\$ 1,591,798
Payroll fringes	339,272	15,780	39,450	55,230	394,502	369,343
Total salaries and fringes	<u>1,721,395</u>	<u>83,190</u>	<u>195,135</u>	<u>278,325</u>	<u>1,999,720</u>	<u>1,961,141</u>
Dog acquisitions	3,000	-	-	-	3,000	-
Vet, trainers & interpreters	61,578	-	-	-	61,578	75,208
Dog supplies	167,269	-	-	-	167,269	162,704
Accounting & legal	-	7,150	-	7,150	7,150	6,900
Consultants & succession	-	92,112	-	92,112	92,112	73,343
Internet and phone	13,698	637	1,593	2,230	15,928	14,907
Occupancy	27,985	1,302	3,254	4,556	32,541	33,558
Administrative & general office	99,754	4,640	11,599	16,239	115,993	109,900
Printing & publications	-	18,327	18,327	36,653	36,653	29,890
Travel & vehicle costs	27,725	1,290	3,224	4,513	32,238	60,446
Education	1,466	-	-	-	1,466	4,656
Pledge write offs	4,318	-	-	-	4,318	2,378
In Kind Donations	90,460	-	-	-	90,460	76,878
Total exps before depreciation	<u>2,218,648</u>	<u>208,647</u>	<u>233,132</u>	<u>441,778</u>	<u>2,660,426</u>	<u>2,611,909</u>
Depreciation	79,167	3,682	9,206	12,888	92,055	97,293
Total expenses	<u>\$ 2,297,815</u>	<u>212,329</u>	<u>242,337</u>	<u>454,666</u>	<u>\$ 2,752,481</u>	<u>\$ 2,709,202</u>

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

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

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Totals</u>	
	<u>Program Services</u>	<u>Admin</u>	<u>Fundraising</u>		<u>2019</u>	<u>2018</u>
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	<u>1,692,416</u>	<u>76,476</u>	<u>192,249</u>	<u>268,725</u>	<u>1,961,141</u>	<u>1,678,152</u>
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	-
Contributions	-	-	-	-	-	13,440
In Kind Donations	76,878	-	-	-	76,878	10,000
Total exps before depreciation	<u>2,209,317</u>	<u>173,516</u>	<u>229,075</u>	<u>402,592</u>	<u>2,611,909</u>	<u>2,395,273</u>
Depreciation	<u>83,672</u>	<u>3,892</u>	<u>9,729</u>	<u>13,621</u>	<u>97,293</u>	<u>95,374</u>
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 CASH FLOWS
DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 60,830	\$ (97,902)
Adjustments to reconciled net assets		
Depreciation	92,055	97,293
Changes in assets & liabilities:		
(increase) decrease in grants receivable	126,914	(5,009)
(increase) decrease in inventory	(4,827)	1,010
increase (decrease) in accounts payable	23,291	12,490
increase (decrease) in accruals	(35,879)	64,091
increase (decrease) in Deferred Revenue	29,900	(4,320)
Net cash from operations	292,284	67,653
 CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchases	(48,420)	-
Net cash used in investing activities	(48,420)	-
 CASH FLOWS FROM FINANCING ACTIVITIES		
Debt on building	-	-
Net increase (decrease) in cash	243,864	67,653
CASH EQUIVALENTS - BEGINNING	2,698,480	2,630,827
CASH EQUIVALENTS - ENDING	\$ 2,942,344	\$ 2,698,480
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ -
 NONCASH INVESTING AND FINANCING ACTIVITIES:		
Property Purchased with Note Payable	\$ -	\$ -

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

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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 seven prisons across Minnesota and Wisconsin.

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, 2020 and 2019

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, 2020 and 2019

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 9 dogs in 2020 estimated at \$ 12,500 and received donations of 13 dogs in 2019 estimated at \$13,568 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 28, 2021, 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 2020 and 2019 in the amount of \$ 164,142 and \$143,785 respectfully.

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5 – DONATED SERVICES AND PROPERTY

The organization recorded in-kind contributions of \$ 90,460 and \$76,878 in 2020 and 2019, respectfully. These contributions are comprised of the following:

	<u>2020</u>	<u>2019</u>
Veterinarian services	\$ 12,082	\$ 32,668
Dogs & supplies	23,764	21,457
Equipment & vehicles	0	0
Office supplies & other	23,259	1,600
Prizes	<u>31,355</u>	<u>21,153</u>
	\$ <u>90,460</u>	\$ <u>76,878</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, 2020 and 2019 organization contributions to the plan were \$ 37,053 and \$33,073, respectively.

NOTE 7 – PAYROLL PROTECTION PROGRAM (PPP)

The organization was awarded \$ 386,915 under the US government's covid relief program in 2020. This amount was originally recorded as a short-term debt and then later, upon meeting the conditions for forgiveness was determined to be contribution revenue.

KNEISL CPA, LTD
Certified Public Accountant

Forest Lake MN
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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, 2020 and have issued my report thereon dated June 7, 2021.

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, 2020, 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.
June 7, 2021