

CAN DO CANINES
(A Non-Profit Corporation)

Audited Financial Statements
Year ended December 31, 2021
(With comparative totals for 2020)

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 – 2021

Statement of Functional Expenses – 2020

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, 2021 and 2020 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, 2021 and 2020, 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
May 26, 2022

CAN DO CANINES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,685,491	\$ 2,832,021
Short term investments	280,024	110,323
Accounts receivable	-	29,900
Unconditional Promises to Give	121,039	101,995
Prepays & inventory	10,528	10,100
Total current assets	3,097,082	3,084,339
 Unconditional Promises to Give- Long Term	 81,760	 174,100
PROPERTY AND EQUIPMENT		
Vehicles & equipment	210,990	210,990
Land and building	3,583,997	3,537,451
Less accumulated depreciation	(1,217,310)	(1,111,408)
Total Property and Equipment- Net	2,577,677	2,637,033
TOTAL ASSETS	5,756,519	5,895,472
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	27,507	74,497
Accrued expenses	135,570	102,069
Deferred Revenue	-	29,900
Total current liabilities	163,077	206,466
 NET ASSETS		
Net Assets without Donor Restrictions	3,563,643	3,612,911
Board Designated Restrictions	1,792,000	1,800,000
Total	5,355,643	5,412,911
Net Assets with Donor Restrictions	237,799	276,095
Total net assets	5,593,442	5,689,006
TOTAL LIABILITIES AND NET ASSETS	\$ 5,756,519	\$ 5,895,472

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, 2021 AND 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	total	
PUBLIC SUPPORT AND REVENUE				
Public support				
Individual & corporate	\$ 1,353,087	\$ 21,095	\$ 1,374,182	\$ 1,171,952
Service clubs	141,428	-	141,428	148,931
Foundations grants	454,452	35,000	489,452	527,616
Federated fundraisers	113,028	-	113,028	106,885
Earned income - net	10,778	-	10,778	8,626
PPP grant	354,088	-	354,088	386,965
Special events - net	284,276	-	284,276	343,915
In-kind contributions	46,561	-	46,561	90,460
Total public support	<u>2,757,698</u>	<u>56,095</u>	<u>2,813,793</u>	<u>2,785,350</u>
Investment income	36,919	-	36,919	27,961
Net assets released from restrictions	94,391	(94,391)	-	-
Total support and revenue	<u>2,889,008</u>	<u>(38,296)</u>	<u>2,850,712</u>	<u>2,813,311</u>
EXPENSES				
Program expenses	2,338,193	-	2,338,193	2,297,815
Support services				
Management and general	321,639	-	321,639	212,329
Fundraising	286,444	-	286,444	242,337
Total support services	<u>608,083</u>	<u>-</u>	<u>608,083</u>	<u>454,666</u>
Total expenses	<u>2,946,276</u>	<u>-</u>	<u>2,946,276</u>	<u>2,752,481</u>
INCREASE IN NET ASSETS	<u>(57,268)</u>	<u>(38,296)</u>	<u>(95,564)</u>	<u>60,830</u>
NET ASSETS - BEGINNING	<u>5,412,911</u>	<u>276,095</u>	<u>5,689,006</u>	<u>5,628,176</u>
NET ASSETS - ENDING	<u>\$ 5,355,643</u>	<u>\$ 237,799</u>	<u>\$ 5,593,442</u>	<u>\$ 5,689,006</u>

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

CAN DO CANINES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Supporting Services				Totals	
	Program Services			Total Supporting Services	2021	2020
		Admin	Fundraising			
Salaries and wages	1,447,675	86,171	189,576	275,747	\$ 1,723,422	\$ 1,605,218
Payroll fringes	339,166	20,681	45,498	66,179	405,345	394,502
Total salaries and fringes	<u>1,786,841</u>	<u>106,852</u>	<u>235,074</u>	<u>341,926</u>	<u>2,128,767</u>	<u>1,999,720</u>
Dog acquisitions	2,298	-	-	-	2,298	3,000
Vet, trainers & interpreters	55,096	-	-	-	55,096	61,578
Dog supplies	161,879	-	-	-	161,879	167,269
Accounting & legal	-	9,000	-	9,000	9,000	7,150
Consultants & succession	-	174,189	-	174,189	174,189	92,112
Internet and phone	12,406	577	1,443	2,020	14,426	15,928
Occupancy	32,118	1,494	3,735	5,229	37,347	32,541
Administrative & general office	119,944	5,579	13,947	19,526	139,470	115,993
Printing & publications	-	18,418	18,418	36,835	36,835	36,653
Travel & vehicle costs	27,843	1,295	3,238	4,533	32,376	32,238
Education	2,110	-	-	-	2,110	1,466
Pledge write offs	20	-	-	-	20	4,318
In Kind Donations	46,561	-	-	-	46,561	90,460
Total exps before depreciation	<u>2,247,117</u>	<u>317,403</u>	<u>275,853</u>	<u>593,257</u>	<u>2,840,374</u>	<u>2,660,426</u>
Depreciation	91,076	4,236	10,590	14,826	105,902	92,055
Total expenses	<u>\$ 2,338,193</u>	<u>321,639</u>	<u>286,444</u>	<u>608,083</u>	<u>\$ 2,946,276</u>	<u>\$ 2,752,481</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	<u>79,167</u>	<u>3,682</u>	<u>9,206</u>	<u>12,888</u>	<u>92,055</u>	<u>97,293</u>
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 CASH FLOWS
DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ (95,564)	\$ 60,830
Adjustments to reconciled net assets		
Depreciation	105,902	92,055
Changes in assets & liabilities:		
(increase) decrease in grants receivable	103,196	126,914
(increase) decrease in investments	(169,701)	(110,323)
(increase) decrease in inventory	(428)	(4,827)
increase (decrease) in accounts payable	(46,990)	23,291
increase (decrease) in accruals	33,501	(35,879)
increase (decrease) in Deferred Revenue	(29,900)	29,900
Net cash from operations	(99,984)	181,961
 CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchases	(46,546)	(48,420)
Net cash used in investing activities	(46,546)	(48,420)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Debt on building	-	-
 NET INCREASE (DECREASE) IN CASH	(146,530)	133,541
 CASH EQUIVALENTS - BEGINNING	2,832,021	2,698,480
 CASH EQUIVALENTS - ENDING	\$ 2,685,491	\$ 2,832,021
 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, 2021 and 2020

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 2009, after adding new services providing assistance dogs to children with autism, people with type-1 diabetes and people with seizure disorders, they adopted a new name—Can Do Canines—to better reflect the increased services and expanded service area. In 2022, they began also placing facility dogs and skilled home companions with clients.

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 EQUIVALENTS

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.

SHORT TERM INVESTMENTS

The Organization includes all mutual fund investments as short term. These investments are valued at fair market value and include unrealized investment gains of \$ 20,254 for the year.

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021 and 2020

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 15 dogs in 2021 estimated at \$ 23,000 and received donations of 9 dogs in 2020 estimated at \$12,500 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, 2022, 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.

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 4 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Assets were released from restriction in 2021 and 2020 in the amount of \$ 94,391 and \$164,142 respectfully.

NOTE 5 – DONATED SERVICES AND PROPERTY

The organization recorded in-kind contributions of \$ 46,561 and \$90,460 in 2021 and 2020, respectfully. These contributions are comprised of the following:

	<u>2021</u>	<u>2020</u>
Veterinarian services	\$ 5,000	\$ 12,082
Dogs & supplies	21,497	23,764
Equipment & vehicles	0	0
Office supplies & other	5,430	23,259
Prizes	<u>14,634</u>	<u>31,355</u>
	\$ <u>46,561</u>	\$ <u>90,460</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, 2021 and 2020 organization contributions to the plan were \$ 35,154 and \$37,053, respectively.

NOTE 7 – PAYROLL PROTECTION PROGRAM (PPP)

The organization was awarded \$ 354,101 and \$386,965 under the US government's covid relief program in 2021 and 2020, respectively. These amount were originally recorded as a short-term debt and then later, upon meeting the conditions for forgiveness were determined to be contribution revenue.

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, 2021 and have issued my report thereon dated May 26, 2022.


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, 2021, 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.


KNEISE CPA, LTD.
May 26, 2022