

CAN DO CANINES
(A Non-Profit Corporation)

Audited Financial Statements
Year ended December 31, 2014
(With comparative totals for 2013)

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Kneisl & Associates, Ltd.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
CAN DO CANINES
Minneapolis, Minnesota

We have audited the accompanying statement of financial position of **CAN DO CANINES** as of December 31, 2014 and 2013 and related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statement referred to above, present fairly, in all material respects, the financial position of **CAN DO CANINES** as of December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



Kneisl & Associates Ltd
September 17, 2015

CAN DO CANINES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 888,248	\$ 581,827
Pledges receivable	375,965	393,699
Prepays & inventory	9,408	12,661
Total current assets	<u>1,273,621</u>	<u>988,187</u>
Pledges receivable- long term	405,331	723,673
PROPERTY AND EQUIPMENT		
Vehicles & equipment	121,347	121,347
Land and building	3,450,452	3,450,452
Less accumulated depreciation	<u>(549,429)</u>	<u>(462,490)</u>
	<u>3,022,370</u>	<u>3,109,309</u>
TOTAL ASSETS	<u><u>4,701,322</u></u>	<u><u>4,821,169</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	42,870	18,550
Accrued expenses	<u>31,479</u>	<u>48,600</u>
Total current liabilities	74,349	67,150
Long term debt	551,729	911,729
NET ASSETS		
Unrestricted net assets	3,293,848	2,724,918
Temporarily restricted	781,396	1,117,372
Total net assets	<u>4,075,244</u>	<u>3,842,290</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,701,322</u></u>	<u><u>\$ 4,821,169</u></u>

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

CAN DO CANINES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2014 AND 2013

	2014			2013
	Unrestricted	<i>Temporarily</i> restricted	total	
PUBLIC SUPPORT AND REVENUE				
Public support				
Individual & corporate	\$ 344,658	\$ 280,348	\$ 625,006	761,002
Service clubs donations	163,222	-	163,222	153,652
Foundations grants	349,832	-	349,832	185,650
Federated fundraisers	51,789	-	51,789	47,934
Special events - net	228,109	-	228,109	275,748
In-kind contributions	99,134	-	99,134	50,711
Total public support	<u>1,236,744</u>	<u>280,348</u>	<u>1,517,092</u>	<u>1,474,697</u>
Investment income (loss)	(1,208)	-	(1,208)	(2,544)
Net assets released from restrictions	<u>616,324</u>	<u>(616,324)</u>	<u>-</u>	
Total support and revenue	1,851,860	(335,976)	1,515,884	1,472,153
EXPENSES				
Program expenses	1,080,582	-	1,080,582	935,728
Support services				
Management and general	89,883	-	89,883	63,160
Fundraising	112,465	-	112,465	93,507
Total support services	<u>202,348</u>	<u>-</u>	<u>202,348</u>	<u>156,667</u>
Total expenses	<u>1,282,930</u>	<u>-</u>	<u>1,282,930</u>	<u>1,092,395</u>
INCREASE IN NET ASSETS	568,930	(335,976)	232,954	379,758
NET ASSETS - BEGINNING	<u>2,724,918</u>	<u>1,117,372</u>	<u>3,842,290</u>	<u>3,462,532</u>
NET ASSETS - ENDING	<u>\$ 3,293,848</u>	<u>\$ 781,396</u>	<u>\$ 4,075,244</u>	<u>\$ 3,842,290</u>

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

CAN DO CANINES
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2014 AND 2013

	Supporting Services				Totals	
	Program Services	Total Supporting Services			2014	2013
		Admin	Fundraising	Supporting Services		
Salaries and wages	543,657	65,501	45,851	111,352	\$ 655,009	\$ 518,826
Payroll fringes	136,186	16,408	11,486	27,894	164,080	133,835
Total salaries and fringes	<u>679,844</u>	<u>81,909</u>	<u>57,336</u>	<u>139,245</u>	<u>819,089</u>	<u>652,661</u>
					-	
Dog acquisitions	16,600	-	-	-	16,600	9,500
Vet, trainers & interpreters	53,274	-	-	-	53,274	34,588
Dog supplies	42,918	-	-	-	42,918	30,016
Accounting & legal	4,693	450	450	900	5,593	5,385
Consultants	-	500	15,155	15,655	15,655	28,559
Internet and phone	7,914	440	440	880	8,794	8,923
Occupancy & interest	73,515	4,084	4,084	8,168	81,683	96,223
Administrative & general office	51,876	-	-	-	51,876	61,395
Printing & publications	41,500	-	17,800	17,800	59,300	43,692
Travel & vehicle costs	17,242	-	1,000	1,000	18,242	18,298
Education	7,268	1,000	1,000	2,000	9,268	7,134
Promotion	-	-	13,700	13,700	13,700	8,484
					-	
Total exps before depreciation	<u>996,644</u>	<u>88,383</u>	<u>110,965</u>	<u>199,348</u>	<u>1,195,992</u>	<u>1,004,858</u>
					-	
Depreciation	83,938	1,500	1,500	3,000	86,938	87,537
					-	
Total expenses	<u>\$ 1,080,582</u>	<u>89,883</u>	<u>112,465</u>	<u>202,348</u>	<u>\$ 1,282,930</u>	<u>\$ 1,092,395</u>

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

CAN DO CANINES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 232,954	\$ 379,758
Adjustments to reconciled net assets		
Depreciation	86,938	87,537
Changes in assets & liabilities:		
(increase) decrease in grants receivable	336,076	133,524
(increase) decrease in prepaids	3,180	4,453
increase (decrease) in accounts payable	24,320	846
increase (decrease) in accruals	(17,121)	13,317
Net cash from operations	<u>666,347</u>	<u>619,435</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchases & donations	-	(7,500)
Building purchase	-	-
Net cash used in investing activities	<u>-</u>	<u>(7,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt on building purchase	<u>(360,000)</u>	<u>(272,567)</u>
NET INCREASE (DECREASE) IN CASH	306,347	339,368
CASH - BEGINNING	<u>581,901</u>	<u>242,533</u>
CASH - ENDING	<u><u>\$ 888,248</u></u>	<u><u>\$ 581,901</u></u>

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

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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 and in 2006, increased the service area to include Wisconsin, North and South Dakota, Iowa, Missouri, and Illinois.

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 30 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 will combine to eliminate the contract of deed debt by 2017.

BASIS OF ACCOUNTING

The organization uses the accrual basis of accounting.

PLEDGES RECEIVABLE

Receivables consist mainly of amounts due for pledges made. No allowance for doubtful accounts has been provided. Receivables are written off directly after they are considered uncollectable.

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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

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 temporarily restricted receivables, at their present value, until they are paid.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets. When the restriction expires i.e. when a stipulated time ends or purpose is accomplished, the restricted assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets.

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 No. 117, Financial Statements of Not-For-Profits Organizations. As such, all information regarding its financial position and activities are reported within three classes of net assets:

Unrestricted – Assets over which the board of directors has discretionary control

Temporally restricted – Assets subject to donor imposed restrictions in terms of time or purpose.

Permanently restricted – Assets subject to donor requirement are to be maintained permanently.

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, 2014 and 2013

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 19 dogs in 2014 estimated at \$16,600 and received donations of 17 dogs in 2013 estimated at \$9,500. All dog costs are expensed when received.

CONCENTRATIONS

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

There are no significant donors in 2014 or 2013. The largest contributor in 2014 comprised 5% of total support.

SUBSEQUENT EVENTS

The Organization was evaluated for material subsequent events through July 15, 2015, 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 2014 and 2013 in the amount of \$616,324 and \$739,084 respectfully.

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 5 – DONATED SERVICES AND PROPERTY

The organization recorded in-kind contributions of \$99,134 and \$50,711 in 2014 and 2013, respectfully. These contributions are comprised of the following:

	<u>2014</u>	<u>2013</u>
Veterinarian services	19,034	11,195
Dogs & supplies	27,100	21,805
Equipment & vehicles	-	7,500
Professional audio services	-	5,700
Office supplies & other	12,700	4,501
Prizes	<u>40,300</u>	<u>-</u>
	\$ <u>99,134</u>	\$<u>50,711</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, 2014 and 2013 organization contributions to the plan were \$16,290 and \$14,852 respectively.

NOTE 7 – LONG TERM DEBT

Long term debt outstanding at December 31, is as follows:

	<u>2014</u>	<u>2013</u>
A \$1,230,019 contract for deed initiated June 2009 payable to building seller with interest only payments of 5.0% per annum through June 2015 and 6% then after. Minimum principal payment of \$50,000 due at the Organization's discretion within the first five years was satisfied with a \$272,567 payment in 2013. Full payment is due October 2020. Note is secured by the building. Includes accrued interest	\$551,729	\$911,729

Kneisl & Associates, Ltd.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

To the Board of Directors

CAN DO CANINES

We have audited the financial statements of **CAN DO CANINES** as of and for the year ended December 31, 2014, and have issued our report thereon dated September 17, 2015.

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

In planning and performing our audit of the financial statements of the organization for the period ended December 31, 2014, we considered its internal control structure in order to determine our 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.

Our 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. We noted no material matters involving the internal control structure that we consider to be material weaknesses as defined above.

This report is intended for the information of the organization.



KNEISL & ASSOCIATES, LTD.

September 17, 2015