

CAN DO CANINES
(A Non-Profit Corporation)

Audited Financial Statements
Year ended December 31, 2017
(With comparative totals for 2016)

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

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
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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, 2017 and 2016 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, 2017 and 2016, 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
July 6, 2018

CAN DO CANINES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 1,823,061	\$ 1,276,035
Pledges receivable	31,441	75,830
Prepays & inventory	9,935	9,636
Total current assets	<u>1,864,437</u>	<u>1,361,501</u>
Pledges receivable- long term	149,482	132,417
PROPERTY AND EQUIPMENT		
Vehicles & equipment	189,059	189,059
Land and building	3,489,031	3,489,031
Less accumulated depreciation	<u>(826,686)</u>	<u>(732,268)</u>
	<u>2,851,404</u>	<u>2,945,822</u>
TOTAL ASSETS	<u><u>4,865,323</u></u>	<u><u>4,439,740</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	40,224	37,927
Accrued expenses	66,929	42,815
Total current liabilities	<u>107,153</u>	<u>80,742</u>
NET ASSETS		
Unrestricted net assets	4,577,247	4,150,752
Temporarily restricted	180,923	208,247
Total net assets	<u>4,758,170</u>	<u>4,358,999</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,865,323</u></u>	<u><u>\$ 4,439,740</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, 2017 AND 2016

	2017			2016
	Unrestricted	Temporarily restricted	total	
PUBLIC SUPPORT AND REVENUE				
Public support				
Individual & corporate	\$ 908,835	\$ 151,899	\$ 1,060,734	836,158
Service clubs donations	215,341	-	215,341	167,425
Foundations grants	554,498	-	554,498	404,012
Federated fundraisers	100,503	-	100,503	84,931
Earned income - net	74,565	-	74,565	62,755
Special events - net	242,184	-	242,184	344,028
In-kind contributions	99,246	-	99,246	104,643
Total public support	<u>2,195,172</u>	<u>151,899</u>	<u>2,347,071</u>	<u>2,003,951</u>
Investment income (loss)	1,711	-	1,711	(930)
Net assets released from restrictions	<u>179,223</u>	<u>(179,223)</u>	<u>-</u>	<u>-</u>
Total support and revenue	2,376,105	(27,324)	2,348,781	2,003,021
EXPENSES				
Program expenses	1,622,192	-	1,622,192	1,436,689
Support services				
Management and general	124,966	-	124,966	106,524
Fundraising	202,452	-	202,452	178,741
Total support services	<u>327,418</u>	<u>-</u>	<u>327,418</u>	<u>285,265</u>
Total expenses	<u>1,949,610</u>	<u>-</u>	<u>1,949,610</u>	<u>1,721,954</u>
INCREASE IN NET ASSETS	426,495	(27,324)	399,171	281,068
NET ASSETS - BEGINNING	<u>4,150,752</u>	<u>208,247</u>	<u>4,358,999</u>	<u>4,077,931</u>
NET ASSETS - ENDING	<u>\$ 4,577,247</u>	<u>\$ 180,923</u>	<u>\$ 4,758,170</u>	<u>\$ 4,358,999</u>

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

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

	Supporting Services			Total Supporting Services	Totals	
	Program Services	Admin	Fundraising		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	<u>1,142,642</u>	<u>80,089</u>	<u>121,270</u>	<u>201,360</u>	<u>1,344,002</u>	<u>1,228,819</u>
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	<u>1,541,937</u>	<u>119,301</u>	<u>193,954</u>	<u>313,255</u>	<u>1,855,192</u>	<u>1,628,668</u>
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 FUNCTIONAL EXPENSES
DECEMBER 31, 2016 AND 2015

	Supporting Services			Total Supporting Services	Totals	
	Program Services	Admin	Fundraising		2016	2015
Salaries and wages	855,684	54,902	89,926	144,828	\$ 1,000,512	\$ 802,813
Payroll fringes	196,344	11,415	20,548	31,963	228,307	176,443
Total salaries and fringes	<u>1,052,028</u>	<u>66,317</u>	<u>110,474</u>	<u>176,791</u>	<u>1,228,819</u>	<u>979,256</u>
Dog acquisitions	19,845	-	-	-	19,845	24,150
Vet, trainers & interpreters	65,104	-	-	-	65,104	56,428
Dog supplies	68,893	-	-	-	68,893	65,032
Accounting & legal	4,900	500	500	1,000	5,900	5,755
Consultants	-	-	14,015	14,015	14,015	15,888
Internet and phone	10,996	639	1,151	1,790	12,786	9,386
Occupancy	31,337	1,822	3,279	5,101	36,438	46,833
Interest	-	-	-	-	-	15,772
Administrative & general office	58,682	3,412	6,141	9,553	68,235	65,768
Printing & publications	0	26,825	26,826	53,651	53,651	51,706
Travel & vehicle costs	31,731	1,845	3,321	5,166	36,897	22,401
Education	4,268	500	500	1,000	5,268	5,284
Promotion	(0)	-	4,138	4,138	4,138	2,816
Pledge write offs	8,680	-	-	-	8,680	-
Total exps before depreciation	<u>1,356,463</u>	<u>101,860</u>	<u>170,345</u>	<u>272,205</u>	<u>1,628,668</u>	<u>1,366,475</u>
Depreciation	<u>80,226</u>	<u>4,664</u>	<u>8,396</u>	<u>13,060</u>	<u>93,286</u>	<u>89,553</u>
Total expenses	<u>\$ 1,436,689</u>	<u>106,524</u>	<u>178,741</u>	<u>285,265</u>	<u>\$ 1,721,954</u>	<u>\$ 1,456,028</u>

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

CAN DO CANINES
STATEMENT OF CASH FLOWS
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 399,171	\$ 281,068
Adjustments to reconciled net assets		
Depreciation	94,418	93,286
Changes in assets & liabilities:		
(increase) decrease in grants receivable	27,324	285,495
(increase) decrease in inventory	(299)	(516)
increase (decrease) in accounts payable	2,297	1,017
increase (decrease) in accruals	24,114	(24,461)
Net cash from operations	<u>547,026</u>	<u>635,889</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchases	-	(74,633)
	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>-</u>	<u>(74,633)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Debt on building	-	(276,729)
	<u>-</u>	<u>(276,729)</u>
 NET INCREASE (DECREASE) IN CASH	 547,026	 284,527
CASH - BEGINNING	<u>1,276,035</u>	<u>991,508</u>
CASH - ENDING	<u>\$ 1,823,061</u>	<u>\$ 1,276,035</u>

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

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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 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 combined to eliminate the contract of deed debt in 2016.

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, 2017 and 2016

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

Temporarily 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, 2017 and 2016

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 4 dogs in 2017 estimated at \$4,800 and received donations of 16 dogs in 2016 estimated at \$19,845. 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.

SUBSEQUENT EVENTS

The Organization was evaluated for material subsequent events through June 1, 2018, 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 2017 and 2016 in the amount of \$ 179,223 and \$487,382 respectfully.

Can Do Canines
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 5 – DONATED SERVICES AND PROPERTY

The organization recorded in-kind contributions of \$ 99,246 and \$104,643 in 2017 and 2016, respectfully. These contributions are comprised of the following:

	<u>2017</u>	<u>2016</u>
Veterinarian services	\$ 27,892	\$ 25,492
Dogs & supplies	20,827	29,507
Equipment & vehicles	6,000	1,000
Office supplies & other	13,462	20,384
Prizes	<u>31,065</u>	<u>28,260</u>
	\$ <u>99,246</u>	\$ <u>104,643</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, 2017 and 2016 organization contributions to the plan were \$ 37,355 and \$21,308 respectively.

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, 2017 and have issued my report thereon dated July 6, 2018.

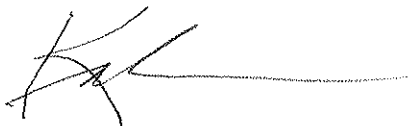
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of the organization for the period ended December 31, 2017, 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.

A handwritten signature in black ink, consisting of stylized initials and a long horizontal line extending to the right.