Can Do Multiple Sclerosis

Financial Statements and Report
of
Independent Certified Public Accountants

As of December 31, 2013 (With Summarized Financial Information as of December 31, 2012)

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Haynie &
Company

Certified Public Accountants (a professional corporation)
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Report of Independent Certified Public Accountants

Board of Directors
Can Do Multiple Sclerosis

We have audited the accompanying financial statements of Can Do Multiple Sclerosis (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year 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
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Can Do Multiple Sclerosis as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

The financial statements of Can Do Multiple Sclerosis as of December 31, 2012, were audited by other auditors whose report dated August 7, 2013, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Haynie & Co

Littleton, Colorado
March 24, 2014

Can Do Multiple Sclerosis

Statements of Financial Position

December 31, 2013

(With Summarized Financial Information as of December 31, 2012)

	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 590,716	$ 689,246
Promises to give	252,592	30,000
Prepaid expense	31,248	41,830
Investments	-	272,213
Inventory	81,303	94,392
Total Current Assets	955,859	1,127,681
Long-Term Assets:		
Interest in net assets of Jimmie Heuga Center Endowment	900,880	747,333
Total long-term assets	900,880	747,333
Property and Equipment:		
Furnishings and equipment	17,989	66,913
Less: Accumulated depreciation	(17,989)	(61,210)
Net property and equipment	-	5,703
Total Assets	$ 1,856,739	$ 1,880,717
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 8,369	$ 10,891
Accrued liabilities	21,920	16,378
Deferred revenue	43,476	231,299
Deferred rent	2,578	1,000
Total Liabilities	76,343	259,568
Net assets:		
Unrestricted:		
Undesignated	504,781	495,345
Board designated - stability reserve	40,963	40,963
Net investment in fixed assets	-	5,703
Temporarily restricted:		
Interest in Jimmie Heuga Center Endowment	900,880	747,333
Other	333,772	331,805
Total net assets	1,780,396	1,621,149
Total liabilities and net assets	$ 1,856,739	$ 1,880,717

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

Can Do Multiple Sclerosis

Statements of Activities

For the Year Ended December 31, 2013

(With Summarized Financial Information for the year ended December 31, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue:				
Grants - foundations and agencies	$ -	$ 507,105	$ 507,105	$ 526,591
Contributions	132,034	-	132,034	157,361
Corporate donations	37,000	-	37,000	7,000
In-kind contributions	34,681	-	34,681	149,974
Education, seminars and symposiums	14,931	-	14,931	12,844
Special events	621,699	-	621,699	546,148
Less: direct benefit to donors	(72,571)	-	(72,571)	(122,746)
Net revenues from special events	549,128	-	549,128	423,402
Gain from Endowment	-	153,546	153,546	109,187
Interest and dividends	2,263	-	2,263	6,580
Other income	13,600	-	13,600	13,920
Net assets released from restrictions:				
Satisfaction of program restrictions	505,137	(505,137)	-	-
Total support and revenue	1,288,774	155,514	1,444,288	1,406,859
Expenses:				
Program Services	1,041,217	-	1,041,217	1,204,014
Supporting services -				
General and administrative	164,815	-	164,815	232,839
Fundraising	79,009	-	79,009	97,859
Total Supporting Services	243,824	-	243,824	330,698
Total Expenses	1,285,041	-	1,285,041	1,534,712
Change in Net Assets	3,733	155,514	159,247	(127,853)
Net Assets Beginning of Year	542,011	1,079,138	1,621,149	1,749,002
Net Assets End of Year	$ 545,744	$1,234,652	$1,780,396	$1,621,149

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

Can Do Multiple Sclerosis

Statements of Cash Flows

For the Year Ended December 31, 2013

(With Summarized Financial Information as of December 31, 2012)

	2013	2012
Cash flows from operating activities		
Changes in net assets	$ 159,247	$ (127,853)
Adjustments to reconcile changes in net assets		
to net cash provided by operating activities:		
Depreciation and amortization expense	5,703	3,491
Net changes in:		
Promises to give	(222,592)	199,501
Prepaid expenses	10,582	11,091
Inventory	13,089	(18,173)
Interest in net assets of Jimmie Heuga Center Endowment	(153,547)	(109,187)
Accounts payable	(2,522)	(3,773)
Deferred revenue	(187,823)	129,369
Accrued liabilities	5,542	(1,123)
Deferred rent	1,578	-
Net cash from operating activities	(370,743)	83,343
Cash flows from investing activities		
Purchases of investments	-	(5,571)
Proceeds from sale of investments	272,213	314,377
Net cash from investing activities	272,213	308,806
Net change in cash and cash equivalents	(98,530)	392,149
Cash balance—beginning of year	689,246	297,097
Cash balance—end of year	$ 590,716	$ 689,246
Supplemental cash flow information		
Cash paid for interest	$ -	$ -

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

Can Do Multiple Sclerosis
Statements of Functional Expenses
For the Year Ended December 31, 2013
(With Summarized Financial Information for the year ended December 31, 2012)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total 2013	Total 2012
Salaries	$ 407,070	$ 77,264	$ 46,707	$ 531,041	$ 681,824
Payroll taxes and employee benefits	96,921	18,396	11,121	126,438	162,799
Total salaries, payroll taxes, and employee benefits	503,991	95,660	57,828	657,479	844,623
Education	217,030	390	254	217,674	308,355
Occupancy	105,883	20,097	12,149	138,129	131,724
Printing	1,541	293	177	2,011	2,606
Professional services	-	12,806	-	12,806	15,552
Web site	4,032	-	-	4,032	5,566
Advertising	27,236	567	343	28,146	21,257
Contract services	-	-	-	-	10,535
Outside consulting IT	6,272	1,191	720	8,183	15,277
Bank charges	-	10,627	-	10,627	13,984
Operating leases	23,045	4,374	2,644	30,063	17,366
Insurance	7,802	1,481	895	10,178	8,947
Telephone	4,668	886	536	6,090	10,698
Supplies	2,578	489	296	3,363	7,550
Public Education	111,288	330	200	111,818	70,913
State registration	-	9,252	-	9,252	7,826
Postage	2,373	450	272	3,095	4,439
Dues and fees	1,322	251	152	1,725	3,218
Board meetings	-	1,465	-	1,465	1,500
Depreciation	4,371	830	502	5,703	3,490
Other	17,785	3,376	2,041	23,202	29,286
Total Expenses	$ 1,041,217	$ 164,815	$ 79,009	$ 1,285,041	$ 1,534,712

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

Can Do Multiple Sclerosis
Notes to Financial Statements
December 31, 2013
(With Summarized Financial Information as of December 31, 2012)

1. Organization

Can Do Multiple Sclerosis (the "Organization") was established in 1984 under the organization's former name, The Jimmie Heuga Center, to offer Multiple Sclerosis programs based on the philosophy of founder, Jimmie Heuga: That a person can have a chronic disease and also maintain their health. The Organization leads the way with comprehensive programs that empower people and families living with Multiple Sclerosis to transform and improve their quality of life. Programs include education, nutrition, exercise, and overall mental well being. The Organization is supported primarily through grants, contributions and fundraising. In 2009, the name was changed from The Jimmie Heuga Center, DBA The Heuga Center, to Can Do Multiple Sclerosis.

2. Summary of Significant Accounting Policies

Method of Accounting

The Organization’s records are maintained on the accrual basis of accounting in conformity with generally accepted accounting principles as applicable to nonprofit organizations.

Basis of Accounting

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all cash on hand and demand deposits. The Organization considers all highly liquid investments, except those restricted for endowment, with an original maturity of three months or less to be cash equivalents.

Investments

As of December 31, 2013, the Organization had no investments. As of December 31, 2012, investments consisted of certificates of deposit, which are stated at fair market value.

2. Summary of Significant Accounting Policies (continued)

Promises to Give

Promises to give are recognized as temporarily restricted revenues or gains in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. As of December 31, 2013 and 2012, all promises to give are due within one year.

Management expects all promises to give will be fully collectible, accordingly, there is no allowance for uncollectible promises to give.

Inventory

Inventory, which consists of items donated for promotional items used at events, is stated at the lower of cost or market value on the date of the donation.

Property and Equipment

Purchased furnishings and equipment are recorded at cost. Donated furnishings and equipment are recorded at fair market value at the date of donation. Acquisitions in excess of $3,000 are capitalized. Depreciation is computed on the straight-line method over estimated useful lives of between three and five years. Leasehold improvements are depreciated over the term of the related lease. Repairs and maintenance are charged to expense as incurred. Amortization relating to capitalized leases is calculated over the estimated useful life of the assets using the straight-line method and is included in depreciation.

Revenue Recognition

Special event revenue is recognized in the period in which the event is held. Other revenue is recognized when earned.

Contributions and Grants

A contribution that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in permanently or temporarily restricted net assets. When a donor restriction expires, that is, when the purpose restriction is accomplished by an expenditure meeting the stated purpose or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as a transfer in satisfaction of program restrictions.

2. Summary of Significant Accounting Policies (continued)

Donated Services

Donated services, materials, and facilities which meet the criteria for recognition under generally accepted accounting principles in the United States, are recorded in the accompanying financial statements at fair market value as of the date of donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting service benefitted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Prior-Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Fair Value Measurements

ASC guidance requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

2. Summary of Significant Accounting Policies (continued)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit: These are level 1 investments, and the fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

Jimmie Heuga Center Endowment: This is a level 1 investment, with the underlying investments valued at stated market values.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

2. Summary of Significant Accounting Policies (continued)

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

Tax Exempt Status

Can Do Multiple Sclerosis is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. During 2013, the Organization had no unrelated business activities and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal tax return (Form 990) for 2013 is subject to examination by the IRS, generally for three years after the return is filed.

Subsequent Events

The Organization evaluated all events or transactions that occurred after December 31, 2013 through Marach 24, 2014, the date the financial statements were available to be issued. During this period, the Organization was not aware of any material recognizable subsequent events.

3. Concentrations

The Organization's cash deposits are held at financial institutions at which deposits are insured up to $250,000 per institution by the FDIC. As of December 31, 2013 and 2012, the FDIC's insurance limit was exceeded by approximately $-0- and $62,800, respectively.

As of December 31, 2013, 80% of promises to give was from four donors. As of December 31, 2012, 83% of promises to give was from one donor.

4. Investments

The Organization's investments are in certificates of deposits, and are valued using Level 1 inputs. As of December 31, 2013 and 2012, these investment balances were $-0- and $272,213, respectively.

5. Interest in Net Assets of The Jimmie Heuga Center Endowment

In 1997, The Jimmie Heuga Center Endowment (the "Endowment"), a separate 501(c)(3) not-for-profit corporation was formed. The stated mission of the Endowment in its Articles of Incorporation is to support Can Do Multiple Sclerosis and because of this, an interest in the net assets of the Endowment is reflected in the Organization's financial statements. The Endowment has a separate board of Directors (some of the Organizations board members also sit on the Endowment's board), and the terms of the endowment are determined by the board of directors of the Endowment. The Organization's board has no control over the use of the Endowment assets unless a distribution is made to the Organization. The investments are shown at market value and amounted to $900,880 and $747,333 as of December 31, 2013 and 2012, respectively. The endowment investments are considered level 1 investments (see Note 2).

6. Net Assets

Temporarily restricted net assets as of December 31, 2013 and 2012, consisted of the following:

	2013	2012
Interest in net assets of the Jimmie Heuga Center Endowment	$ 900,880	$ 747,333
Education programs and other time restricted contributions	333,772	331,805
	$1,234,652	$1,079,138

7. Commitments and Contingencies

On April 1, 2009, the Organization entered into an office space lease agreement. The lease agreement requires monthly rent payments, determined on an annual rate of $28 per square foot for years one and two, and then $28, plus a minimum “Cost of Living Adjustment” of 3.5% annually for years three through five. The lease terminates on April 1, 2014.

On September 23, 2013, the Organization entered into an office space lease agreement and began occupying the space on December 1, 2013. The lease agreement requires monthly rent payments beginning on April 1, 2015 of $1,443 through March 31, 2016; $1,924 through March 31, 2017; $2,405 through March 31, 2018; and $2,646 through March 31, 2019. The rent expense for this lease is being recorded on a straight-line basis beginning in December 2013. The expense related to this lease is recognized on a straight-line basis, in accordance ASC guidance.

7. Commitments and Contingencies (continued)

Future lease obligations outstanding as of December 31, 2013, are as follows:

Year ending December 31,	
2014	$ 23,025
2015	12,987
2016	21,645
2017	27,417
2018	31,029
2019	7,938
	$ 124,041

8. Letter of Credit

The building lease entered into in April 2009, required a $25,000 letter of credit. The letter of credit was signed in April 2009 and is held with US Bank. The interest rate of the letter of credit is prime plus 0.5%.

The building lease entered into in September 2013, requires a $25,000 letter of credit. The letter was signed in November 2013 and is held with US Bank. The interest rate of the letter of credit is the US Bank Prime Rate.

There was no balance due in relation to these letters of credit as of December 31, 2013 and 2012.

9. Retirement Plan

The Organization implemented a tax sheltered annuity retirement plan in April of 2005 in accordance with IRC 403(b). All permanent full-time employees are eligible to participate in the plan immediately and receive employer matching after six months of service. All eligible employees can contribute up to 15% of their gross wages. The Organization matches 100% of each employee's annual contribution up to 5% of the employee's paycheck each pay period. The annual limit for matching contributions is $10,000 per employee. All amounts contributed, including the matching contribution, vest immediately. For the years ended December 31, 2013 and 2012, the Organization's contributions amounted to $13,435 and $32,590, respectively.