Can Do Multiple Sclerosis

Financial Statements and Report
of
Independent Certified Public Accountants

As of December 31, 2015 (With Summarized Financial Information as of December 31, 2014)

Table of Contents

Haynie & Company
Certified Public Accountants (a professional corporation)
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

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 statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from Can Do Multiple Sclerosis' 2014 financial statements and, in our report dated April 3, 2015, we expressed an unmodified opinion on those 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, 2015, 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.

Haynie & Co

Littleton, Colorado
April 12,2016

Can Do Multiple Sclerosis

Statements of Financial Position

December 31, 2015

(With Summarized Financial Information for the year ended December 31, 2014)

	2015	2014
Assets		
Current Assets:		
Cash and cash equivalents	$ 986,413	$ 639,345
Promises to give	61,435	165,933
Prepaid expense	6,262	20,140
Inventory	37,140	58,803
Total Current Assets	1,091,250	884,221
Long-Term Assets:		
Interest in net assets of Jimmie Heuga Center Endowment	891,759	908,325
Total long-term assets	891,759	908,325
Property and Equipment:		
Furnishings and equipment	17,989	17,989
Less: Accumulated depreciation	(17,989)	(17,989)
Net property and equipment	-	-
Total Assets	$ 1,983,009	$ 1,792,546
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 27,932	$ 7,744
Accrued liabilities	13,992	20,699
Deferred revenue	-	40,227
Deferred rent	26,466	20,514
Total Liabilities	68,390	89,184
Net assets:		
Unrestricted:		
Undesignated	826,487	454,152
Board designated - stability reserve	40,963	40,963
Temporarily restricted:		
Interest in Jimmie Heuga Center Endowment	891,759	908,325
Other	155,410	299,922
Total net assets	1,914,619	1,703,362
Total liabilities and net assets	$ 1,983,009	$ 1,792,546

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

Can Do Multiple Sclerosis

Statements of Activities

For the Year Ended December 31, 2015

(With Summarized Financial Information for the year ended December 31, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue:				
Grants - foundations and agencies	$ -	$ 815,584	$ 815,584	$ 627,000
Contributions	107,440	-	107,440	135,015
Corporate donations	77,151	-	77,151	32,000
In-kind contributions	54,175	-	54,175	92,334
Education, seminars and symposiums	39,830	-	39,830	16,158
Special events	626,195	-	626,195	647,304
Loss from Endowment	-	(16,566)	(16,566)	7,445
Interest and dividends	859	-	859	1,347
Other income	1,230	-	1,230	-
Net assets released from restrictions:				
Satisfaction of program restrictions	359,999	(359,999)	-	-
Total support and revenue	1,266,879	439,019	1,705,898	1,558,603
Expenses:				
Program Services	1,094,269	-	1,094,269	1,199,015
Supporting services -				
Management and general	155,998	-	155,998	147,302
Fundraising	244,374	-	244,374	289,320
Total Supporting Services	400,372	-	400,372	436,622
Total Expenses	1,494,641	-	1,494,641	1,635,637
Change in Net Assets	(227,762)	439,019	211,257	(77,034)
Net Assets Beginning of Year	495,115	1,208,247	1,703,362	1,780,396
Net Assets End of Year	$ 267,353	$1,647,266	$1,914,619	$1,703,362

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, 2015
(With Summarized Financial Information as of December 31, 2014)

	2015	2014
Cash flows from operating activities		
Changes in net assets	$ 211,257	$ (77,034)
Adjustments to reconcile changes in net assets		
to net cash provided by operating activities:		
Net changes in:		
Promises to give	104,498	86,659
Prepaid expenses	13,878	11,108
Inventory	21,663	22,500
Interest in net assets of Jimmie Heuga Center Endowment	16,566	(7,445)
Accounts payable	20,188	(625)
Deferred revenue	(40,227)	(3,249)
Accrued liabilities	(6,707)	(1,221)
Deferred rent	5,952	17,936
Net cash from operating activities	347,068	48,629
Net change in cash and cash equivalents	347,068	48,629
Cash balance—beginning of year	639,345	590,716
Cash balance—end of year	$ 986,413	$ 639,345
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, 2015
(With Summarized Financial Information for the year ended December 31, 2014)

		Supporting Services			
	Program Services	Fundraising	Management and General	Total 2015	Total 2014
Salaries	$ 365,248	$ 129,822	$ 106,002	$ 601,072	$ 648,345
Payroll taxes and employee benefits	62,803	22,322	18,227	103,352	148,014
Total salaries, payroll taxes, and employee benefits	428,051	152,144	124,229	704,424	796,359
Education	347,416	574	469	348,459	329,906
Direct benefit to donors	-	53,320	-	53,320	136,491
Occupancy	32,801	11,659	9,519	53,979	75,155
Printing	3,832	-	-	3,832	4,021
Professional services	12,463	4,430	3,617	20,510	10,829
Web site	11,450	-	-	11,450	2,684
Advertising	55,562	-	-	55,562	32,772
Outside consulting IT	7,133	2,535	2,070	11,738	11,036
Bank charges	21,046	7,481	6,108	34,635	14,947
Operating leases	12,237	4,349	3,551	20,137	27,167
Insurance	8,434	2,998	2,448	13,880	10,197
Telephone	3,415	1,214	991	5,620	5,470
Supplies	5,457	1,940	1,584	8,981	5,459
Public Education	129,896	-	-	129,896	134,348
State registration	8,445	-	-	8,445	9,252
Postage	2,213	787	642	3,642	2,693
Dues and fees	995	-	-	995	2,150
Board meetings	303	108	88	499	1,868
Other	3,120	835	682	4,637	26,448
Total Expenses	$ 1,094,269	$ 244,374	$ 155,998	$ 1,494,641	$ 1,639,252

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

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.

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, 2015 and 2014, all promises to give are due within one year.

2. Summary of Significant Accounting Policies (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

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, 2014, 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.

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 2015, 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 returns (Form 990) for 2015 and 2014 are subject to examination by the IRS, generally for three years after the returns are filed.

Subsequent Events

The Organization evaluated all events or transactions that occurred after December 31, 2015 through April 12, 2016, 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, 2015 and 2014, the FDIC's insurance limit was exceeded by approximately $459,894 and $107,899, respectively.

As of December 31, 2015, 94% of promises to give were from five donors. As of December 31, 2014, 90% of promises to give were from four donors.

4. 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

4. Interest in Net Assets of The Jimmie Heuga Center Endowment (continued)

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 $891,759 and $908,325 as of December 31, 2015 and 2014, respectively. The endowment investments are considered level 1 investments (see Note 2).

5. Net Assets

Temporarily restricted net assets as of December 31, 2015 and 2014, consisted of the following:

	2015	2014
Interest in net assets of the Jimmie Heuga Center Endowment	$ 891,759	$ 908,325
Education programs and other time restricted contributions	155,410	299,922
	$1,047,169	$1,208,247

6. 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 terminated 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, in accordance with ASC guidance.

6. Commitments and Contingencies (continued)

Future lease obligations outstanding as of December 31, 2015, are as follows:

Year ending December 31,	
2016	21,645
2017	27,417
2018	31,029
2019	7,938
	$ 88,209

7. Letter of Credit

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 this letter of credit as of December 31, 2015 and 2014.

8. 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, 2015 and 2014, the Organization's contributions amounted to $9,896 and $13,801, respectively.