Can Do Multiple Sclerosis

Financial Statements and Report
of
Independent Certified Public Accountants

As of December 31, 2018 (With Summarized Financial Information as of December 31, 2017)

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Haynie & Company
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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 statement of financial position as of December 31, 2018, 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' 2017 financial statements and, in our report dated April 13, 2018, 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, 2018, 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 17, 2019

Can Do Multiple Sclerosis

Statements of Financial Position

December 31, 2018

(With Summarized Financial Information for the year ended December 31, 2017)

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,443,590	$ 1,010,801
Promises to give	16,146	26,450
Prepaid expense	41,318	18,448
Inventory	66,960	44,224
Total Current Assets	1,568,014	1,099,923
Long-Term Assets:		
Interest in net assets of Jimmie Heuga Center Endowment	584,879	836,880
Total long-term assets	584,879	836,880
Property and Equipment:		
Furnishings and equipment	17,989	17,989
Less: Accumulated depreciation	(17,989)	(17,989)
Net property and equipment	-	-
Total Assets	$ 2,152,893	$ 1,936,803
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 4,860	$ 4,888
Accrued liabilities	119,953	68,044
Deferred revenue	115,683	69,645
Deferred rent	3,356	16,784
Total Liabilities	243,852	159,361
Net assets:		
Without donor restrictions	1,049,162	640,640
With donor restrictions (Note 6)	859,879	1,136,802
Total net assets	1,909,041	1,777,442
Total liabilities and net assets	$ 2,152,893	$ 1,936,803

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

Can Do Multiple Sclerosis

Statements of Activities

For the Year Ended December 31, 2018

(With Summarized Financial Information for the year ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restricted	Total	Total
Support and Revenue:				
Grants - foundations and agencies	$ -	$ 496,000	$ 496,000	$ 658,180
Contributions	176,528	-	176,528	129,577
Corporate donations	847,500	-	847,500	587,500
In-kind contributions	34,586	-	34,586	30,657
Education, seminars and symposiums	436,483	-	436,483	121,881
Special events	584,397	-	584,397	488,743
Gain (loss) from Endowment	-	(252,001)	(252,001)	(159,549)
Interest and dividends	5,168	-	5,168	2,250
Net assets released from restrictions:				
Satisfaction of program restrictions	520,922	(520,922)	-	-
Total support and revenue	2,605,584	(276,923)	2,328,661	1,859,239
Expenses:				
Program Services	1,803,270	-	1,803,270	1,711,871
Supporting services -				
Management and general	145,305	-	145,305	151,832
Fundraising	248,487	-	248,487	166,578
Total Supporting Services	393,792	-	393,792	318,410
Total Expenses	2,197,062	-	2,197,062	2,030,281
Change in Net Assets	408,522	(276,923)	131,599	(171,042)
Net Assets Beginning of Year	640,640	1,136,802	1,777,442	1,948,484
Net Assets End of Year	$1,049,162	$ 859,879	$1,909,041	$1,777,442

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, 2018
(With Summarized Financial Information as of December 31, 2017)

	2018	2017
Cash flows from operating activities		
Changes in net assets	$ 131,599	$ (171,042)
Adjustments to reconcile changes in net assets		
to net cash provided by operating activities:		
Unrealized (gain) loss on net assets of		
Jimmie Heuga Center Endowment	252,001	159,549
Net changes in:		
Promises to give	10,304	(24,750)
Prepaid expenses	(22,870)	20,845
Inventory	(22,736)	(22,528)
Accounts payable	(28)	(17,948)
Deferred revenue	46,038	51,789
Accrued liabilities	51,909	32,681
Deferred rent	(13,428)	(8,551)
Net cash from operating activities	432,789	20,045
Net change in cash and cash equivalents	432,789	20,045
Cash balance—beginning of year	1,010,801	990,756
Cash balance—end of year	$ 1,443,590	$ 1,010,801
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, 2018
(With Summarized Financial Information for the year ended December 31, 2017)

		Supporting Services			
	Program Services	Fundraising	Management and General	Total 2018	Total 2017
Salaries	$ 807,992	$ 178,335	$ 104,283	$ 1,090,610	$ 888,301
Payroll taxes and employee benefits	169,162	37,336	21,833	228,331	173,679
Total salaries, payroll taxes, and employee benefits	977,154	215,671	126,116	1,318,941	1,061,980
Education	458,063	-	-	458,063	352,367
Occupancy	40,166	8,865	5,184	54,215	55,475
Printing	5,180	-	-	5,180	3,775
Professional services	12,671	2,797	1,635	17,103	58,681
Web site	6,318	-	-	6,318	5,199
Advertising	52,903	-	-	52,903	43,255
Outside consulting IT	15,002	3,311	1,936	20,249	22,237
Bank charges	17,675	3,901	2,281	23,857	25,185
Office expenses	12,063	2,662	1,557	16,282	19,813
Insurance	8,155	1,800	1,053	11,008	11,332
Telephone	7,003	1,546	904	9,453	9,563
Supplies	11,725	2,588	1,513	15,826	13,457
Public Education	155,069	-	-	155,069	316,712
State registration	6,445	1,422	832	8,699	9,027
Postage	1,883	416	243	2,542	2,407
Dues and fees	4,069	898	525	5,492	7,380
Board meetings	7,656	1,690	988	10,334	7,525
Other	4,070	920	538	5,528	4,911
Total Expenses	$ 1,803,270	$ 248,487	$ 145,305	$ 2,197,062	$ 2,030,281

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

Notes to Financial Statements
December 31, 2018
(With Summarized Financial Information as of December 31, 2017)

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 two classes of net assets: with donor restriction and without donor restriction.

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, 2018 and 2017, 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.

2. Summary of Significant Accounting Policies (continued)

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 net assets without donor restriction 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 net assets with donor restriction. 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, the net assets with donor restrictions are reclassified to net assets without donor restrictions 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 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, fund raising, and management and general categories. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
Legal and professional fees	Time and effort
Advertising, Marketing, and Fundraising	Time and effort

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

2. Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019 (fiscal 2021 for the Foundation). A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

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, 2017, 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.

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.

2. Summary of Significant Accounting Policies (continued)

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 2018, 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 2018 and 2017 are subject to examination by the IRS, generally for three years after the returns are filed.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year's presentation. Net income was not impacted by the reclassifications.

Subsequent Events

The Organization evaluated all events or transactions that occurred after December 31, 2018 through April 17, 2019, 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. Availability and Liquidity

The following represents Can Do Multiple Sclerosis' financial assets at December 31, 2018:

	2018
Financial assets at period end:	
Cash & cash equivalents	$ 2,028,469
Promises to give	16,146
Total financial assets	2,044,615
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(859,879)
Financial assets available to meet general expenditures over the next twelve months	$ 1,184,736

As part of the Organization's liquidity management plan, it invests excess cash in short-term investments, CDs, & money market funds. Occasionally, the Board designates a portion of any operating surplus to its reserves, which was $40,963 as of December 31, 2018.

4. 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, 2018 and 2017, the FDIC's insurance limit was exceeded by approximately $1,190,252 and $902,137, respectively.

As of December 31, 2018, all promises to give were from one donor. As of December 31, 2017, 95% of promises to give were from two donors.

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 and the terms of the endowment are determined by that board. 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 $584,879 and $836,880 as of December 31, 2018 and 2017, respectively. The endowment investments are considered level 1 investments (see Note 2). As of December 31, 2018 there is a dispute over the amount of these funds that are dedicated to the Organization, which may lead to a change in the Organization's interest in the endowment in the future.

6. Net Assets

Net assets with donor restrictions as of December 31, 2018 and 2017, consisted of the following:

	2018	2017
Interest in net assets of the Jimmie Heuga Center Endowment	$ 584,879	$ 836,880
Education programs and other time restricted contributions	275,000	299,922
	$ 859,879	$ 1,136,802

6. Net Assets (continued)

Net assets without donor restrictions as of December 31, 2018 and 2017, consisted of the following:

	2018	2017
Without donor restriction	$ 1,008,199	$ 599,677
Without donor restriction - Board designated stability reserve	40,963	40,963
	$ 1,049,162	$ 640,640

7. Commitments and Contingencies

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. In September 2018, the Organization extended the lease for 3 years. The lease agreement requires monthly payments of $2,886 beginning March 2019 through March 2022.

Future lease obligations outstanding as of December 31, 2018, are as follows:

Year ending December 31,	
2019	33,912
2020	34,632
2021	34,632
2022	8,658
2023	-
	$ 111,834

8. 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, 2018 and 2017.

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. The Organization matches 100% of each employee's annual contribution up to 10% of the employee's paycheck each pay period. All amounts contributed, including the matching contribution, vest immediately. For the years ended December 31, 2018 and 2017, the Organization's contributions amounted to $58,200 and $52,253, respectively.