

Can Do Multiple Sclerosis

**Financial Statements and Report
of
Independent Certified Public Accountants**


**As of December 31, 2019 (With Summarized
Financial Information as of December 31, 2018)**


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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, 2019, 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' 2018 financial statements and, in our report dated February 13, 2020, 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, 2019, 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.

Littleton, Colorado
May 28, 2020

Can Do Multiple Sclerosis

Statements of Financial Position

December 31, 2019

(With Summarized Financial Information for the year ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,467,271	\$ 1,443,590
Amount receivable	125,000	250,000
Promises to give	62,180	16,146
Prepaid expense	106,830	41,318
Inventory	<u>46,621</u>	<u>66,960</u>
Total Current Assets	<u>1,807,902</u>	<u>1,818,014</u>
Long-Term Assets:		
Amount receivable	<u>125,000</u>	<u>250,000</u>
Total long-term assets	<u>125,000</u>	<u>250,000</u>
Property and Equipment:		
Furnishings and equipment	<u>29,980</u>	<u>17,989</u>
Less: Accumulated depreciation	<u>(21,986)</u>	<u>(17,989)</u>
Net property and equipment	<u>7,994</u>	<u>-</u>
Total Assets	<u><u>\$ 1,940,896</u></u>	<u><u>\$ 2,068,014</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 38,093	\$ 4,860
Accrued liabilities	141,034	119,953
Deferred revenue	107,943	115,683
Deferred rent	<u>-</u>	<u>3,356</u>
Total Liabilities	<u>287,070</u>	<u>243,852</u>
Net assets:		
Without donor restrictions	1,553,826	1,549,162
With donor restrictions (Note 7)	<u>100,000</u>	<u>275,000</u>
Total net assets	<u>1,653,826</u>	<u>1,824,162</u>
Total liabilities and net assets	<u><u>\$ 1,940,896</u></u>	<u><u>\$ 2,068,014</u></u>

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

Can Do Multiple Sclerosis
Statements of Activities
For the Year Ended December 31, 2019
(With Summarized Financial Information for the year ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restricted	Total	Total
Support and Revenue:				
Grants - foundations and agencies	\$ -	\$ 883,500	\$ 883,500	\$ 996,000
Contributions	268,317	-	268,317	176,528
Corporate donations	307,500	-	307,500	847,500
In-kind contributions	4,929	-	4,929	34,586
Education, seminars and symposiums	535,883	-	535,883	436,483
Special events	614,363	-	614,363	584,397
Gain (loss) in related interest	-	-	-	(836,880)
Interest and dividends	10,408	-	10,408	5,168
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>1,058,500</u>	<u>(1,058,500)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,799,900</u>	<u>(175,000)</u>	<u>2,624,900</u>	<u>2,243,782</u>
Expenses:				
Program Services	<u>2,513,375</u>	<u>-</u>	<u>2,513,375</u>	<u>1,803,270</u>
Supporting services -				
Management and general	113,662	-	113,662	145,305
Fundraising	<u>168,199</u>	<u>-</u>	<u>168,199</u>	<u>248,487</u>
Total Supporting Services	<u>281,861</u>	<u>-</u>	<u>281,861</u>	<u>393,792</u>
Total Expenses	<u>2,795,236</u>	<u>-</u>	<u>2,795,236</u>	<u>2,197,062</u>
Change in Net Assets	4,664	(175,000)	(170,336)	46,720
Net Assets Beginning of Year	<u>1,549,162</u>	<u>275,000</u>	<u>1,824,162</u>	<u>1,777,442</u>
Net Assets End of Year	<u>\$1,553,826</u>	<u>\$ 100,000</u>	<u>\$1,653,826</u>	<u>\$1,824,162</u>

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, 2019
(With Summarized Financial Information as of December 31, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Changes in net assets	\$ (170,336)	\$ 46,720
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,997	-
Unrealized (gain) loss in related interest	-	836,880
Net changes in:		
Promises to give	(46,034)	10,304
Amount receivable	250,000	(500,000)
Prepaid expenses	(65,512)	(22,870)
Inventory	20,339	(22,736)
Accounts payable	33,233	(28)
Deferred revenue	(7,740)	46,038
Accrued liabilities	21,081	51,909
Deferred rent	(3,356)	(13,428)
	<u>35,672</u>	<u>432,789</u>
Net cash from operating activities		
Cash flows from investing activities		
Purchase of property and equipment	<u>(11,991)</u>	<u>-</u>
Net cash from investing activities	<u>(11,991)</u>	<u>-</u>
Net change in cash and cash equivalents	23,681	432,789
Cash balance—beginning of year	<u>1,443,590</u>	<u>1,010,801</u>
Cash balance—end of year	<u><u>\$ 1,467,271</u></u>	<u><u>\$ 1,443,590</u></u>
Supplemental cash flow information		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2019
(With Summarized Financial Information for the year ended December 31, 2018)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total 2019</u>	<u>Total 2018</u>
		<u>Fundraising</u>	<u>Management and General</u>		
Salaries	\$ 959,025	\$ 102,681	\$ 69,387	\$ 1,131,093	\$ 1,090,610
Payroll taxes and employee benefits	<u>230,907</u>	<u>24,723</u>	<u>16,706</u>	<u>272,336</u>	<u>228,331</u>
Total salaries, payroll taxes, and employee benefits	<u>1,189,932</u>	<u>127,404</u>	<u>86,093</u>	<u>1,403,429</u>	<u>1,318,941</u>
Education	741,892	7,127	4,816	753,835	458,063
Occupancy	59,836	6,406	4,329	70,571	54,215
Printing	6,419	-	-	6,419	5,180
Professional services	65,018	6,961	4,704	76,683	17,103
Web site	15,396	-	-	15,396	6,318
Advertising	74,686	-	-	74,686	52,903
Outside consulting IT	101,072	10,415	7,038	118,525	20,249
Bank charges	16,250	1,740	1,176	19,166	23,857
Office expenses	14,429	1,545	1,044	17,018	16,282
Insurance	10,762	1,152	779	12,693	11,008
Telephone	7,913	847	573	9,333	9,453
Supplies	17,361	1,859	1,256	20,476	15,826
Public Education	166,793	-	-	166,793	155,069
State registration	7,655	820	554	9,029	8,699
Postage	1,814	194	131	2,139	2,542
Dues and fees	3,478	372	252	4,102	5,492
Board meetings	4,660	499	337	5,496	10,334
Other	<u>8,009</u>	<u>858</u>	<u>580</u>	<u>9,447</u>	<u>5,528</u>
Total Expenses	<u>\$ 2,513,375</u>	<u>\$ 168,199</u>	<u>\$ 113,662</u>	<u>\$ 2,795,236</u>	<u>\$ 2,197,062</u>

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

Notes to Financial Statements
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

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 with restrictions, 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, 2019 and 2018, 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.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

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.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

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:

<u>Expense</u>	<u>Method of Allocation</u>
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

In 2019 the Organization adopted new FASB guidance regarding the presentation on the statement of cash flows of restricted cash. The new guidance requires including restricted cash with cash when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows (see Statements of Cash Flows pg.5).

In 2019, the Organization also implemented Topic 606, Revenue from Contracts with Customers, of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) effective January 1, 2019 (ASC 606). There were no material changes in the timing of recognition of revenue and therefore no material impact to the statement of financial position upon adoption.

Recently Issued Accounting Pronouncements

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, 2020. 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 Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

2. Summary of Significant Accounting Policies (continued)

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, 2018, from which the summarized information was derived.

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.

Interest in related entity: 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.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

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 2019, 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 2019 and 2018 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, 2019 through May 28, 2020, the date the financial statements were available to be issued. During this period, the Organization was not aware of any material recognizable subsequent events other than the below.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the grants available. Operating functions that may be changed include events being held and maintenance. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

3. Availability and Liquidity

The following represents Can Do Multiple Sclerosis' financial assets at December 31, 2019:

	2019
Financial assets at period end:	
Cash & cash equivalents	\$ 1,467,271
Amount receivable	250,000
Promises to give	62,180
Total financial assets	1,779,451
Less amounts not available to be used within one year:	
Amount receivable - long term	(125,000)
Net assets with donor restrictions	(100,000)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,554,451

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, 2019.

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, 2019 and 2018, the FDIC's insurance limit was exceeded by approximately \$963,234 and \$1,190,252, respectively.

As of December 31, 2019, 96% of promises to give were from one donor. As of December 31, 2018, all promises to give were from one donor.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

5. Amount Receivable

Amounts receivable consists of funds scheduled for receipt subsequent to the fiscal year ending December 31, 2019. Management reviewed the collectability of these funds, and no allowance for doubtful funds has been established at December 31, 2019. The amount will be received in the following installments:

To be paid on or before:		
April 30, 2020	\$	125,000
April 30, 2021		125,000
Total Amount Receivable	\$	250,000

6. Interest in Related Entity

In April 2019, Can Do Multiple Sclerosis exchanged its claim to ownership of assets in the hands of a third party for a contractual right to receive a payment in 2019 and the payments described in Note 5. The interest in the assets claimed was reported at market value as \$-0- as of December 31, 2019 and 2018, respectively. These assets were considered level 1 investments.

7. Net Assets

Net assets with donor restrictions as of December 31, 2019 and 2018, consisted of the following:

	2019	2018
Education programs and other time restricted contributions	\$ 100,000	\$ 275,000
Total Net Assets with Donor Restrictions	\$ 100,000	\$ 275,000

Net assets without donor restrictions as of December 31, 2019 and 2018, consisted of the following:

	2019	2018
Without donor restriction	\$ 1,512,863	\$ 1,508,199
Without donor restriction - Board designated stability reserve	40,963	40,963
Total Net Assets without Donor Restrictions	\$ 1,553,826	\$ 1,549,162

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

8. 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, 2019, are as follows:

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

9. 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, 2019 and 2018.

10. 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, 2019 and 2018, the Organization's contributions amounted to \$86,984 and \$58,200, respectively.