

Can Do Multiple Sclerosis

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

**As of December 31, 2017 (With Summarized
Financial Information as of December 31, 2016)**

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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 statement of financial position as of December 31, 2017, 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' 2016 financial statements and, in our report dated April 14, 2017, 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, 2017, 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
April 13, 2018



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Can Do Multiple Sclerosis

Statements of Financial Position

December 31, 2017

(With Summarized Financial Information for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,010,801	\$ 990,756
Promises to give	26,450	1,700
Prepaid expense	18,448	39,293
Inventory	44,224	21,696
Total Current Assets	<u>1,099,923</u>	<u>1,053,445</u>
Long-Term Assets:		
Interest in net assets of Jimmie Heuga Center Endowment	836,880	996,429
Total long-term assets	<u>836,880</u>	<u>996,429</u>
Property and Equipment:		
Furnishings and equipment	17,989	17,989
Less: Accumulated depreciation	<u>(17,989)</u>	<u>(17,989)</u>
Net property and equipment	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 1,936,803</u></u>	<u><u>\$ 2,049,874</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 4,888	\$ 22,836
Accrued liabilities	68,044	35,363
Deferred revenue	69,645	17,856
Deferred rent	16,784	25,335
Total Liabilities	<u>159,361</u>	<u>101,390</u>
Net assets:		
Unrestricted:		
Undesignated	599,677	611,170
Board designated - stability reserve	40,963	40,963
Temporarily restricted:		
Interest in Jimmie Heuga Center Endowment	836,880	996,429
Other	299,922	299,922
Total net assets	<u>1,777,442</u>	<u>1,948,484</u>
Total liabilities and net assets	<u><u>\$ 1,936,803</u></u>	<u><u>\$ 2,049,874</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, 2017
(With Summarized Financial Information for the year ended December 31, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue:				
Grants - foundations and agencies	\$ -	\$ 658,180	\$ 658,180	\$ 681,096
Contributions	129,577	-	129,577	107,485
Corporate donations	587,500	-	587,500	97,500
In-kind contributions	30,657	-	30,657	22,196
Education, seminars and symposiums	121,881	-	121,881	52,085
Special events	488,743	-	488,743	700,477
Gain (loss) from Endowment	-	(159,549)	(159,549)	104,670
Interest and dividends	2,250	-	2,250	1,866
Net assets released from restrictions:				
Satisfaction of program restrictions	658,180	(658,180)	-	-
Total support and revenue	<u>2,018,788</u>	<u>(159,549)</u>	<u>1,859,239</u>	<u>1,767,375</u>
Expenses:				
Program Services	<u>1,711,871</u>	<u>-</u>	<u>1,711,871</u>	<u>1,464,649</u>
Supporting services -				
Management and general	151,832	-	151,832	132,962
Fundraising	<u>166,578</u>	<u>-</u>	<u>166,578</u>	<u>135,899</u>
Total Supporting Services	<u>318,410</u>	<u>-</u>	<u>318,410</u>	<u>268,861</u>
Total Expenses	<u>2,030,281</u>	<u>-</u>	<u>2,030,281</u>	<u>1,733,510</u>
Change in Net Assets	(11,493)	(159,549)	(171,042)	33,865
Net Assets Beginning of Year	<u>652,133</u>	<u>1,296,351</u>	<u>1,948,484</u>	<u>1,914,619</u>
Net Assets End of Year	<u>\$ 640,640</u>	<u>\$1,136,802</u>	<u>\$1,777,442</u>	<u>\$1,948,484</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, 2017
(With Summarized Financial Information as of December 31, 2016)

	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ (171,042)	\$ 33,865
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net changes in:		
Promises to give	(24,750)	59,735
Prepaid expenses	20,845	(33,031)
Inventory	(22,528)	15,444
Accounts payable	(17,948)	(5,096)
Deferred revenue	51,789	17,856
Accrued liabilities	32,681	21,371
Deferred rent	(8,551)	(1,131)
	<u>(139,504)</u>	<u>109,013</u>
Net cash from operating activities		
Cash flows from investing activities		
Interest in net assets of Jimmie Heuga Center Endowment	159,549	(104,670)
	<u>159,549</u>	<u>(104,670)</u>
Net cash from investing activities		
Net change in cash and cash equivalents	20,045	4,343
Cash balance—beginning of year	<u>990,756</u>	<u>986,413</u>
Cash balance—end of year	<u>\$ 1,010,801</u>	<u>\$ 990,756</u>
Supplemental cash flow information		
Cash paid for interest	<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, 2017
(With Summarized Financial Information for the year ended December 31, 2016)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total 2017</u>	<u>Total 2016</u>
		<u>Fundraising</u>	<u>Management and General</u>		
Salaries	\$ 672,678	\$ 112,805	\$ 102,818	\$ 888,301	\$ 752,383
Payroll taxes and employee benefits	<u>131,521</u>	<u>22,055</u>	<u>20,103</u>	<u>173,679</u>	<u>129,107</u>
Total salaries, payroll taxes, and employee benefits	<u>804,199</u>	<u>134,860</u>	<u>122,921</u>	<u>1,061,980</u>	<u>881,490</u>
Education	352,367	-	-	352,367	485,255
Occupancy	42,009	7,045	6,421	55,475	56,346
Printing	3,775	-	-	3,775	1,248
Professional services	44,437	7,452	6,792	58,681	21,750
Web site	5,199	-	-	5,199	5,896
Advertising	43,255	-	-	43,255	29,737
Outside consulting IT	16,839	2,824	2,574	22,237	13,826
Bank charges	19,072	3,198	2,915	25,185	30,653
Operating leases	15,004	2,516	2,293	19,813	16,706
Insurance	8,581	1,439	1,312	11,332	9,601
Telephone	7,242	1,214	1,107	9,563	7,551
Supplies	10,190	1,709	1,558	13,457	8,005
Public Education	316,014	365	333	316,712	149,056
State registration	6,836	1,146	1,045	9,027	9,571
Postage	1,822	306	279	2,407	2,447
Dues and fees	5,589	937	854	7,380	2,112
Board meetings	5,698	956	871	7,525	260
Other	<u>3,743</u>	<u>611</u>	<u>557</u>	<u>4,911</u>	<u>2,000</u>
Total Expenses	<u>\$ 1,711,871</u>	<u>\$ 166,578</u>	<u>\$ 151,832</u>	<u>\$ 2,030,281</u>	<u>\$ 1,733,510</u>

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

Notes to Financial Statements
December 31, 2017
(With Summarized Financial Information as of December 31, 2016)

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, 2017 and 2016, all promises to give are due within one year.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2017
(With Summarized Financial Information as of December 31, 2016)

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.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2017
(With Summarized Financial Information as of December 31, 2016)

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, 2016, 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.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2017
(With Summarized Financial Information as of December 31, 2016)

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.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2017
(With Summarized Financial Information as of December 31, 2016)

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 2017, 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 2017 and 2016 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, 2017 through April 13, 2018, 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, 2017 and 2016, the FDIC's insurance limit was exceeded by approximately \$902,137 and \$435,822, respectively.

As of December 31, 2017, 95% of promises to give were from two donors. As of December 31, 2016, all promises to give were from one donor.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2017
(With Summarized Financial Information as of December 31, 2016)

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 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 \$836,880 and \$996,429 as of December 31, 2017 and 2016, respectively. The endowment investments are considered level 1 investments (see Note 2).

5. Net Assets

Temporarily restricted net assets as of December 31, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest in net assets of the Jimmie Heuga Center Endowment	\$ 836,880	\$ 996,429
Education programs and other time restricted contributions	<u>299,922</u>	<u>299,922</u>
	<u>\$1,136,802</u>	<u>\$1,296,351</u>

6. 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.

Can Do Multiple Sclerosis
Notes to Financial Statements (continued)
December 31, 2017
(With Summarized Financial Information as of December 31, 2016)

6. Commitments and Contingencies (continued)

Future lease obligations outstanding as of December 31, 2017, are as follows:

<u>Year ending December 31,</u>	
2018	31,029
2019	<u>7,938</u>
	<u>\$ 38,967</u>

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, 2017 and 2016.

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. The Organization matches 100% of each employee's annual contribution up to 5% of the employee's paycheck each pay period. All amounts contributed, including the matching contribution, vest immediately. For the years ended December 31, 2017 and 2016, the Organization's contributions amounted to \$52,253 and \$14,583, respectively.