

CANINE PARTNERS OF THE ROCKIES, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

July 26, 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
Canine Partners of the Rockies
Aurora, Colorado

Opinion

We have audited the accompanying financial statements of **Canine Partners of the Rockies**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canine Partners of the Rockies as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Canine Partners of the Rockies and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Canine Partners of the Rockies ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Canine Partners of the Rockies internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Canine Partners of the Rockies ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Canine Partners of the Rockies December 31, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

CANINE PARTNERS OF THE ROCKIES, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 145,975	\$ 134,064
Accounts receivable	6,324	394
Prepaid expenses	560	560
Investments (Note 3)	3,524,892	-
Net property and equipment (Note 4)	<u>2,039</u>	<u>2,312</u>
Total assets	<u>\$ 3,679,790</u>	<u>\$ 137,330</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	3,182	2,061
Accrued payroll expenses	7,194	5,628
Paycheck Protection Program loan	<u>-</u>	<u>26,000</u>
Total liabilities	<u>10,376</u>	<u>33,689</u>
Net assets		
Without donor restrictions	3,658,914	87,757
With donor restriction (Note 5)	<u>10,500</u>	<u>15,884</u>
Total net assets	<u>3,669,414</u>	<u>103,641</u>
Total liabilities and net assets	<u>\$ 3,679,790</u>	<u>\$ 137,330</u>

The accompanying notes are an integral part of these financial statements

CANINE PARTNERS OF THE ROCKIES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021		2020	
	Without donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Wills & bequests	\$ 3,543,794	\$ -	\$ 3,543,794	\$ -
Individual contributions	118,088	-	118,088	83,731
Foundations income	80,412	-	80,412	100,499
Interest income	33,383	-	33,383	359
Paycheck Protection Program loan forgiveness (Note 6)	26,000	-	26,000	-
Earned revenue	19,300	-	19,300	14,450
Corporate contributions	10,912	-	10,912	17,511
Government awards	-	-	-	15,000
Other income	-	-	-	2,457
Dog food sales	131	-	131	1,340
In-kind contributions (Note 7)	535	-	535	1,883
Net assets released from restriction (Note 8)	5,383	(5,383)	-	-
	<u>\$ 3,837,938</u>	<u>\$ (5,383)</u>	<u>\$ 3,832,555</u>	<u>\$ 237,230</u>
<u>Expense</u>				
Program services	112,319	-	112,319	162,077
Supporting services				
Management and general	78,004	-	78,004	62,396
Fund-raising	76,459	-	76,459	51,921
	<u>266,782</u>	<u>-</u>	<u>266,782</u>	<u>276,394</u>
Change in net assets	3,571,156	(5,383)	3,565,773	(39,164)
Net assets, beginning of year	87,758	15,883	103,641	142,805
Net assets, end of year	<u>\$ 3,658,914</u>	<u>\$ 10,500</u>	<u>\$ 3,669,414</u>	<u>\$ 103,641</u>

The accompanying notes are an integral part of these financial statements

CANINE PARTNERS OF THE ROCKIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

Description	2021				2020
	Program Services	Supporting Services		Total	Total
		Management and General	Fund-raising		
Salaries	\$ 90,038	\$ 31,680	\$ 45,019	\$ 166,737	\$ 140,105
Payroll taxes and benefit	7,631	2,685	3,815	14,131	10,560
Development and fundraising	376	1,506	16,938	18,820	42,945
Accounting services	-	11,130	-	11,130	7,700
Rent	-	9,185	-	9,185	10,020
Utilities	-	7,480	-	7,480	7,891
Veterinary services	5,943	735	-	6,678	9,367
Office supplies	193	3,273	2,953	6,419	6,750
Fundraising event meals and entertainment	93	374	4,206	4,673	-
Canine operations	3,539	437	-	3,976	9,167
Insurance	-	3,528	-	3,528	4,527
Travel	2,145	22	-	2,167	3,470
Printing and postage	768	949	304	2,021	2,976
Bank and credit card fees	203	55	1,584	1,842	2,497
Meals and entertainment	543	391	764	1,698	1,033
Telephone	-	1,687	-	1,687	1,900
Advertising and promotion	45	1,292	149	1,486	6,963
Professional services	27	9	13	49	2,018
Uncollectible amounts	-	-	-	-	5,070
Miscellaneous	775	1,314	714	2,803	1,163
	\$ 112,319	\$ 77,732	\$ 76,459	\$ 266,510	\$ 276,122
Depreciation	-	272	-	272	272
Total	\$ 112,319	\$ 78,004	\$ 76,459	\$ 266,782	\$ 276,394

The accompanying notes are an integral part of these financial statements

CANINE PARTNERS OF THE ROCKIES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 3,565,773	\$ (39,164)
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation	273	272
(Gain) loss on investment	(31,714)	-
Paycheck Protection Program loan forgiveness	(26,000)	
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(5,930)	13,914
Increase(decrease) in accounts payable	1,121	1,388
Increase(decrease) in accrued payroll expenses	<u>1,566</u>	<u>2,173</u>
Net cash provided(used) by operating activities	<u>3,505,089</u>	<u>(21,417)</u>
 <u>Cash flows from investing activities</u>		
(Purchase) of investments	(3,571,795)	-
(Reinvestment) of interest and dividends	(1,383)	
Proceeds from investments	<u>80,000</u>	<u>-</u>
Net cash provided(used) by investing activities	(3,493,178)	-
 <u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>26,000</u>
Net increase(decrease) in cash and cash equivalents	11,911	4,583
 Cash and cash equivalents, beginning of year	<u>134,064</u>	<u>129,481</u>
Cash and cash equivalents, end of year	<u>\$ 145,975</u>	<u>\$ 134,064</u>

The accompanying notes are an integral part of these financial statements

CANINE PARTNERS OF THE ROCKIES, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES

Canine Partners of the Rockies (the Organization) is a non-profit organization which was established in 2002 by four individuals with a passion for the human/canine connection. The objective of the Organization is to enable Coloradoans with disabilities to lead more independent and gratifying lives through training and partnering them with highly skilled service dogs. The Organization is primarily supported by

The Organization is supported primarily by trust income, individual contributions, and foundation revenue.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments with an initial maturity of three months or less, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported in investment income in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned.

5. Fair Value Measurements

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

6. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

9. Functional Reporting of Expenses

For the year ended December 31, 2021, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are salaries, payroll taxes and benefits, and consulting expenses which are allocated based on estimates of time and effort.

10. Revenue and revenue recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

11. Subsequent Events

Management has evaluated subsequent events through July 26, 2022, the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

Investments (Level 1 inputs) are stated at their fair market values as follows:

<u>Description</u>	<u>Fair Value</u>
Cash and cash alternatives	\$ 872
Other assets	11,665
Debt securities	150,664
Other mutual funds	202,423
RBC insured deposits	552,594
International equities	464,671
US equities	<u>2,142,002</u>
Total	<u>\$ 3,524,891</u>

Investment account activity is summarized as follows:

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	\$ -
Additions	3,571,794
Withdrawals	(80,000)
Net investment return	<u>33,097</u>
Balance, end of year	<u>\$ 3,524,891</u>

In addition, the Organization generated \$286 in operating interest from cash and cash equivalents.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Furniture, fixtures, and equipment	\$ 16,183
Leasehold improvements	<u>4,085</u>
Total	20,268
Less: accumulated depreciation	<u>(18,229)</u>
Net property and equipment	<u>\$ 2,039</u>

Depreciation expense for the year was \$272.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Herbs Helps scholarship program	<u>\$ 10,500</u>

NOTE 6 - PAYROLL PROTECTION PROGRAM LOAN FORGIVENESS

During 2020, the Organization borrowed \$26,000 under the Payroll Protection Program (PPP). The Organization has used the funds in accordance with the note, provided necessary support and the loan was forgiven, in full, on April 15, 2021. The full loan amount is recorded as a contribution in this fiscal year.

NOTE 7 - IN-KIND CONTRIBUTIONS

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are reflected in the accompanying financial statements at the estimated value at date of receipt. The value of services included in the financial statements and the corresponding expenses for the year are as follows:

<u>Description</u>	<u>Amount</u>
Veterinary Services (various discounts on services)	<u>\$ 524</u>

NOTE 8 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Sponsorship for surgery	\$ 4,332
Veterinary services	<u>1,051</u>
Total	<u>\$ 5,383</u>

NOTE 9 - CONCENTRATION OF REVENUE SOURCE – WILLS AND BEQUESTS

During 2021, the Organization was named a primary beneficiary of the estate of one donor. The distribution of funds made up approximately 92% of total revenue and other support during the fiscal year. The Organization has plans to diversify funding sources in future years.

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year at December 31, 2021:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 145,975
Accounts receivable	1,906
Investments	<u>3,524,892</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,672,773</u>

The Organization's goal is generally to maintain financial assets to meet 3 months of cash operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.