CANINE PARTNERS OF THE ROCKIES, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

CANINE PARTNERS OF THE ROCKIES, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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TAYLORROTH
Certified Public Accountants
WORKING EXCLUSIVELY WITH NONPROFITS

September 6, 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Canine Partners of the Rockies, Inc.
Aurora, Colorado

Opinion

We have audited the accompanying financial statements of **Canine Partners of the Rockies, Inc.**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, 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, Inc. as of December 31, 2022, 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, Inc. 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, Inc. 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, Inc.'s 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, Inc.'s 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, Inc.'s December 31, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 168,486	$ 145,975
Accounts receivable	1,349	6,324
Prepaid expenses	4,435	560
Investments (Note 4)	2,983,161	3,524,892
Net property and equipment (Note 5)	-	2,039
Total assets	$ 3,157,431	$ 3,679,790
Liabilities and net assets		
Liabilities		
Accounts payable	4,918	2,754
Accrued payroll expenses	19,222	7,622
Total liabilities	24,140	10,376
Net assets		
Without donor restrictions	3,122,791	3,658,914
With donor restriction (Note 7)	10,500	10,500
Total net assets	3,133,291	3,669,414
Total liabilities and net assets	$ 3,157,431	$ 3,679,790

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Individual contributions	$ 104,467	$ -	$ 104,467	$ 118,088
Foundations income	126,824	-	126,824	80,412
Employee retention credit (Note 8)	91,129	-	91,129	-
Earned revenue	33,900	-	33,900	19,300
Corporate contributions	13,757	-	13,757	10,912
Dog food sales	-	-	-	131
Investment income (note 4)	(475,827)	-	(475,827)	33,383
Wills & bequests	-	-	-	3,543,794
Government awards	-	-	-	26,000
In-kind contributions (Note 9)	1,087	-	1,087	535
Total revenue and other support	$ (104,663)	$ -	$ (104,663)	$ 3,832,555
Expense				
Program services	195,968	-	195,968	112,319
Supporting services				
Management and general	107,791	-	107,791	78,004
Fund-raising	127,701	-	127,701	76,459
Total expense	431,460	-	431,460	266,782
Change in net assets	(536,123)	-	(536,123)	3,565,773
Net assets, beginning of year	3,658,914	10,500	3,669,414	103,641
Net assets, end of year	$ 3,122,791	$ 10,500	$ 3,133,291	$ 3,669,414

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022				2021
		Supporting Services			
Description	Program Services	Management and General	Fund-raising	Total	Total
Salaries	$ 80,926	$ 50,096	$ 61,658	$ 192,680	$ 166,737
Payroll taxes and benefit	10,467	6,480	7,975	24,922	14,131
Canine operations	41,657	421	-	42,078	3,976
Development and fundraising	2,275	253	22,751	25,279	18,820
Office supplies	2,275	10,235	10,235	22,745	6,419
Professional services	16,645	-	5,848	22,493	49
Fundraising event meals and entertainment	1,285	143	12,850	14,278	4,673
Accounting services	-	13,511	-	13,511	11,130
Advertising and promotion	1,917	6,496	2,237	10,650	1,486
Veterinary services	10,376	105	-	10,481	6,678
Rent	7,515	2,505	-	10,020	9,185
Utilities	6,085	2,028	-	8,113	7,480
Printing and postage	4,652	2,207	1,025	7,884	2,021
Insurance	1,249	2,779	-	4,028	3,528
Information technology	-	3,750	-	3,750	-
Facilities	1,425	441	1,527	3,393	552
Travel	3,122	-	-	3,122	2,167
Meals and entertainment	1,045	508	1,271	2,824	1,698
Bank and credit card fees	2,100	65	-	2,165	1,842
Interest expense	-	1,910	-	1,910	-
Telephone	-	1,804	-	1,804	1,687
Miscellaneous	952	15	324	1,291	2,251
	195,968	105,752	127,701	429,421	266,510
Depreciation	-	2,039	-	2,039	272
Total	$ 195,968	$ 107,791	$ 127,701	$ 431,460	$ 266,782

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (536,123)	$ 3,565,773
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation	2,039	273
(Gain) loss on investment	519,797	(31,714)
Paycheck Protection Program loan forgiveness	-	(26,000)
Changes in operating assets and liabilities		
(Increase)decrease in accounts receivable	4,975	(5,930)
(Increase)decrease in prepair expense	(3,875)	-
Increase(decrease) in accounts payable	2,164	1,121
Increase(decrease) in accrued payroll expenses	11,600	1,566
Net cash provided(used) by operating activities	577	3,505,089
Cash flows from investing activities		
(Purchase) of investments	(38,421)	(3,571,795)
Proceeds from investments	100,000	80,000
(Reinvestment) of interest and dividends	(39,645)	(1,383)
Net cash provided(used) by investing activities	21,934	(3,493,178)
Net increase(decrease) in cash and cash equivalents	22,511	11,911
Cash and cash equivalents, beginning of year	145,975	134,064
Cash and cash equivalents, end of year	$ 168,486	$ 145,975
Supplemental disclosure of information:		
Cash paid for interest	$ 1,910	$ -

The accompanying notes are an integral part of these financial statements

CANINE PARTNERS OF THE ROCKIES, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - NATURE OF ACTIVITIES

Canine Partners of the Rockies, Inc. (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 supported primarily by foundation revenue and individual contributions.

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.

4. 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.

5. Accounts Receivable

   Accounts receivable represent amounts due for service dogs and are stated at the amount management expects to collect from outstanding balances. As of December 31, 2022, management has determined, based on historical experience and subsequent collections, that all amounts are fully collectible, and no allowance for doubtful accounts is necessary.

6. 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.

7. 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).

8. 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.

9. 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.

10. 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.

11. Leases

The Organization accounts for leases in accordance with Accounting Standards Update (ASU) No. 2016-02, *Leases (ASC 842)*, as amended. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment and finance lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization may have lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

12. Recently Adopted Accounting Standard

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (ASC 842)*, as amended, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption:

- expired or existing contracts to determine whether they are or contain a lease,
- the lease classification of any existing leases, or
- initial direct costs for existing leases.

As a result of implementing ASU No. 2016-02 on January 1, 2022, the Organization recognized no right-of-use asset and no lease liability in its statement of financial position. There was no effect on net assets as of January 1, 2022.

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

13. Change in Accounting Principle

The Organization changed its method of accounting for lease transactions due to the adoption of the new accounting standard for leases (ASU No. 2016-02). The change has been applied as of January 1, 2022.

14. Summarized Prior-Year 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, 2022, from which the summarized information was derived.

15. Functional Reporting of Expenses

For the year ended December 31, 2022, 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.

16. Subsequent Events

Management has evaluated subsequent events through September 6, 2023, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year at December 31, 2022:

Description	Amount
Financial assets at year end:	
Cash and cash equivalents	$ 168,486
Accounts receivable	1,349
Investments	2,983,161
	$ 3,152,996

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.

NOTE 4 - INVESTMENTS

The investments are valued using Level 1 measurements. Level 1 measurements for investments include those valued at fair market value based on quoted prices in active markets and other information generated by market transactions. Investments held by the Trust consisted of the following at December 31, 2022.

Description	Cost Basis	Fair Value	Unrealized Appreciation (Depreciation)
Equities	$ 1,607,219	$ 1,618,027	$ 10,808
Fixed income	810,884	781,455	(29,429)
Cash, CDs, and money funds	495,283	495,283	-
Mixed assets	75,000	74,121	(879)
Real Estate fund	16,693	14,275	(2,418)
Total	$ 3,005,079	$ 2,983,161	$ (21,918)

Investment account activity is summarized as follows:

Description	Amount
Interest and dividends	$ 57,536
Realized and unrealized gains(losses), net	(519,797)
Less: management fees	(17,891)
Total	$ (480,152)

In addition, the Organization generated $4,325 in operating interest from cash and cash equivalents.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

Description	Amount
Furniture, fixtures, and equipment	$ 16,183
Leasehold improvements	4,085
Total	20,268
Less: accumulated depreciation	(20,268)
Net property and equipment	$ -

Depreciation expense for the year was $2,039.

NOTE 6 - LEASE COMMITTMENT

The Organization leases office space from an unrelated party on a month-to-month basis. The lease may be terminated by either party with 30 days written notice. The lease requires monthly payments of $835. For the year ended December 31, 2022 , the Organization recorded rent expense of $10,020.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

Description	Amount
Herbs Help scholarship program	$ 10,500

NOTE 8 - EMPLOYEE RETENTION CREDIT

During the year, the Organization applied for an employee retention credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, in March 2020. The program provides a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. It works as a refundable payroll tax credit claimed quarterly, and it can provide reductions to payroll taxes or cash refunds. For the year ended December 31, 2022, the Organization recognized employee retention credit revenue of $30,145.

NOTE 9 - 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:

Description	Revenue Recognized	Utilization in Program/ Activities	Donor Restriction	Valuation Techniques and Inputs
Printing and copying services	$ 702	Programs, management and general, and fundraising	No associated donor restrictions	Estimate of the fair market value of services.
Veterinary care	309	Programs	No associated donor restrictions	Estimate of the fair market value of services.
Equipment rentals	76	Management and general	No associated donor restrictions	Estimate of the fair market value of services.
Total	$ 1,087			

NOTE 9 - IN-KIND CONTRIBUTIONS (concluded)

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. The Organization received approximately 57,200 volunteer service hours not requiring professional level skills, consisting primarily of puppy trainers who provided 24/7 training services, valued at $1,818,960. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

NOTE 10 - RETIREMENT PLAN

The Organization offers a 401K retirement plan for all employees. The Organization will contribute 100% of the employee's contributed amount to the plan, up to a maximum of 3% of the employee's compensation. Employees are 100% vested upon the first elected deferral contribution. The Organization's contributions to the plan for the year ended December 31, 2022, were $4,723.