

CAN DO MULTIPLE SCLEROSIS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FOR THE YEAR ENDED DECEMBER 31, 2010

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Taylor, Roth and Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

February 4, 2011

INDEPENDENT AUDITORS' REPORT

Board of Directors
Can Do Multiple Sclerosis
Edwards, Colorado

We have audited the accompanying statement of financial position of **Can Do Multiple Sclerosis (formerly The Heuga Center)** (a Colorado nonprofit corporation) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Can Do Multiple Sclerosis's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 2009, is presented for comparative purposes only and was extracted from the financial statements, presented by net asset class for that year, on which an unqualified opinion dated February 8, 2010 was expressed.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Taylor, Roth and Company, PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CAN DO MULTIPLE SCLEROSIS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 375,445	\$ 143,712
Cash and cash equivalents - temporarily restricted	298,183	222,500
Cash - board designated	40,963	146,463
Grants receivable	158,217	110,000
Prepaid expenses	13,044	25,076
Inventory (Note 3)	68,739	35,525
Lift Ticket Inventory	6,350	-
Investments (Note 4)	482,403	851,150
Interest in net assets of the Jimmy Huega Center Endowment (Note 5)	760,431	656,745
Property and equipment (Note 6)	12,517	17,776
	<u>\$ 2,216,292</u>	<u>\$ 2,208,947</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 24,835	\$ 47,641
Accrued payroll costs	21,020	23,427
Deferred event revenue	75,701	104,330
Security deposit	1,000	1,000
Letter-of-credit (Note 7)	-	-
Lease commitments (Note 8)	-	-
	<u>122,556</u>	<u>176,398</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Operating	981,642	989,065
Board designated stability reserve (Note 9)	40,963	146,463
Net investment in fixed assets	12,517	17,776
<u>Temporarily restricted (Note 10)</u>		
Interest in net assets of the Jimmy Huega Center Endowment	760,431	656,745
Other temporarily restricted net assets	298,183	222,500
	<u>2,093,736</u>	<u>2,032,549</u>
Total net assets	<u>\$ 2,216,292</u>	<u>\$ 2,208,947</u>
Total liabilities and net assets	<u>\$ 2,216,292</u>	<u>\$ 2,208,947</u>

The accompanying notes are an integral part of these financial statements

CAN DO MULTIPLE SCLEROSIS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Special event income	\$ 668,041	\$ -	\$ 668,041	\$ 732,073
Less special event direct expense	(178,718)	-	(178,718)	(199,204)
Net special event income	489,323	-	489,323	532,869
Grants	-	571,325	571,325	618,920
Contributions	116,669	-	116,669	112,380
Change in net assets of the Endowment	-	103,686	103,686	-
Corporate donations	85,000	-	85,000	81,500
Education, seminars and symposiums	50,086	-	50,086	95,596
Interest income	18,197	-	18,197	20,178
Raffle and sale of merchandise	5,501	-	5,501	6,248
Vail mountain relations	1,265	-	1,265	-
Gain on sale of building	-	-	-	351,512
Rental income	-	-	-	7,800
In-kind contributions (Note 11)	74,975	-	74,975	55,205
Net assets released from restrictions (Note 12)	495,642	(495,642)	-	-
Revenue and other support	<u>1,336,658</u>	<u>179,369</u>	<u>1,516,027</u>	<u>1,882,208</u>
<u>Expense</u>				
Program services	1,182,346	-	1,182,346	1,302,092
Supporting services				
Management and general	180,935	-	180,935	166,211
Fund-raising	91,559	-	91,559	87,768
Total expense	<u>1,454,840</u>	<u>-</u>	<u>1,454,840</u>	<u>1,556,071</u>
Change in net assets	(118,182)	179,369	61,187	326,137
Net assets, beginning of year	<u>1,153,304</u>	<u>879,245</u>	<u>2,032,549</u>	<u>1,706,412</u>
Net assets, end of year	<u>\$ 1,035,122</u>	<u>\$ 1,058,614</u>	<u>\$ 2,093,736</u>	<u>\$ 2,032,549</u>

The accompanying notes are an integral part of these financial statements

CAN DO MULTIPLE SCLEROSIS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010			2009	
	Program Services	Supporting Services		Total	Total
		Manage- ment and General	Fund-raising		
Salaries	\$ 481,613	\$ 80,921	\$ 48,650	\$ 611,184	\$ 576,845
Taxes and benefits	127,970	21,502	12,927	162,399	104,753
Education	258,018	-	-	258,018	382,422
Occupancy	92,133	15,480	9,307	116,920	118,874
Printing	67,810	11,393	6,850	86,053	71,207
Professional services	21,314	28,110	4,274	53,698	17,906
Web site	32,386	-	-	32,386	11,120
Contract services	22,045	3,704	2,227	27,976	28,500
Outside consulting IT	16,837	2,829	1,701	21,367	15,372
Bank charges	13,647	2,293	1,379	17,319	19,442
Operating leases	9,490	1,594	959	12,043	12,267
Insurance	8,223	1,381	831	10,435	11,887
Telephone	6,187	1,040	625	7,852	8,165
Supplies	5,592	939	565	7,096	14,726
Public education	6,578	-	-	6,578	56,627
State registration	-	6,151	-	6,151	3,994
Postage	4,095	688	414	5,197	3,011
Dues and fees	1,817	305	184	2,306	2,617
Board meetings	-	1,500	-	1,500	2,307
Branding	-	-	-	-	80,306
Interest	-	-	-	-	1,392
All other	2,447	409	247	3,103	1,740
	1,178,202	180,239	91,140	1,449,581	1,545,480
Depreciation	4,144	696	419	5,259	10,591
Total	<u>\$ 1,182,346</u>	<u>\$ 180,935</u>	<u>\$ 91,559</u>	<u>\$ 1,454,840</u>	<u>\$ 1,556,071</u>

The accompanying notes are an integral part of these financial statements

CAN DO MULTIPLE SCLEROSIS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010 (WITH COMPARATIVE TOTALS FOR 2009)

	2010	2009
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 61,187	\$ 326,137
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,259	10,591
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants receivable	(48,217)	(107,360)
(Increase)decrease in prepaid expenses	12,032	23,584
(Increase)decrease in inventory	(33,214)	15,696
(Increase)decrease in lift ticket inventory	(6,350)	-
(Increase)decrease in assets held by others	(103,686)	(460,151)
Increase(decrease) in accounts payable	(22,806)	13,119
Increase(decrease) in payroll accruals	(2,407)	(12,900)
Increase(decrease) in property taxes payable	-	(6,331)
Increase(decrease) in prepaid rent payable	-	(2,600)
Increase(decrease) in accrued interest	-	(2,412)
Increase(decrease) in deferred revenue	(28,629)	(3,296)
Net cash provided(used) by operating activities	(166,831)	(205,923)
<u>Cash flows from investing activities</u>		
(Purchase) of fixed assets	-	(11,967)
Disposition of fixed assets	-	860,118
(Earnings) on Certificates of Deposit	(18,197)	-
(Purchase)Sale of Certificates of Deposit	386,944	(651,150)
Net cash provided(used) by investing activities	368,747	197,001
<u>Cash flows from financing activities</u>		
(Repayments) on mortgage note and line of credit	-	(439,440)
Net increase(decrease) in cash and cash equivalents	201,916	(448,362)
Cash and cash equivalents, beginning of year	512,675	961,037
Cash and cash equivalents, end of year	\$ 714,591	\$ 512,675
<u>Supplemental disclosure of information:</u>		
Cash paid during the period for interest	\$ -	\$ 1,392

The accompanying notes are an integral part of these financial statements

CAN DO MULTIPLE SCLEROSIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - NATURE OF ACTIVITIES

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. Can Do Multiple Sclerosis 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.

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 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.

3. Restricted and unrestricted revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

4. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

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

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

6. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$3,000 and has a 3 year life. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives of furniture and equipment range from 3 to 5 years. Building and improvements are being depreciated over 25 years.

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, 2010, 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 programs and supporting services benefited.

10. 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, 2009 from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through February 4, 2011 the date the financial statements were available to be issued.

NOTE 3 - INVENTORY

Inventory is valued at the lower of cost or market and consists of promotional items used in events. Ski ticket inventory consists of ski tickets purchased at a discount price and are valued at cost.

NOTE 4 - INVESTMENTS

Investments consist of certificates of deposit that mature more than 90 days after year end or that management intends to reinvest in a certificate of deposit when it matures. Cost and market values are essentially the same. Investment earnings are entirely interest income.

NOTE 5 - INTEREST IN NET ASSETS OF THE JIMMY HUEGA CENTER ENDOWMENT

In 1984 The Jimmie Heuga Center Endowment, a separate 501 (c) (3) not-for-profit corporation was formed. The Foundation's mission is to support Can Do Multiple Sclerosis. The entities are interrelated and do have some common board members. The terms of the endowment are determined by the board of directors of the Endowment. The investments are shown at market value. Changes in assets held for the year are as follows:

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	<u>\$ 656,745</u>
Contributions	56,031
Net appreciation (depreciation) in stock value	128,592
Expenses	<u>(80,937)</u>
Changes in net assets	<u>103,686</u>
Balance, end of year	<u>\$ 760,431</u>

NOTE 6 - PROPERTY AND EQUIPMENT

At year-end, the cost of fixed assets and their related accumulated depreciation was:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 66,913
Less: accumulated depreciation	<u>(54,396)</u>
Net property and equipment	<u>\$ 12,517</u>

Depreciation expense for the year was \$5,259.

NOTE 7 - LETTER OF CREDIT

The building lease requires a \$25,000 letter of credit. The letter of credit was signed in April of 2009 and is held with US Bank. The interest rate of the letter of credit will be prime plus 0.5%.

NOTE 8 - LEASE COMMITMENTS

The Organization is obligated under 3 operating leases. The building is a five year lease expiring in April of 2014 with monthly payments of \$10,502 for the lease years 2011, 2012 and 2013. Future lease obligations on the building lease are \$420,080. The lease on the building also includes an option to renew when the lease expires in 2014. The copier is a lease for a five year period ending February of 2013 with monthly payments of \$499 and total future lease obligation of \$12,475. The postage machine is a lease for a five year period with monthly payments of \$427 ending in May of 2011 with total future lease obligation of \$1,708.

NOTE 9 - BOARD DESIGNATED RESERVE

The board transferred \$105,500 from the operating reserve to operations, leaving a balance designated an operating reserve of \$40,963.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

At year-end, temporarily restricted net assets were available for the following program purpose:

<u>Description</u>	<u>Amount</u>
Interest in net assets of the Jimmy Huega Center Endowment	\$ 760,431
Educational programs and other time restricted	<u>298,183</u>
Total	<u>\$ 1,058,614</u>

NOTE 11 - IN-KIND CONTRIBUTIONS

Donated goods and services are reflected in the accompanying statements at their estimated values at date of receipt. Donated goods and services amounted to:

<u>Description</u>	<u>Amount</u>
Donated inventory and prizes	<u>\$ 74,975</u>

NOTE 12 - NET ASSETS RELEASED FROM 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>
Educational programs	<u>\$ 495,642</u>

NOTE 13 - CAFETERIA PLAN

The Organization offers a cafeteria compensation plan organized under IRC Section 125 that includes the following benefits; health, accident and/or term life insurance benefit and health expense reimbursement. No cost to the center is recognized as the plan is a salary reduction 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. All eligible employees can contribute up to 15% of their gross wages. The Organization matches 100% of each employee's annual contribution but no more than 10% of gross wages. All amounts contributed, including the matching contribution, vest immediately. The Organization's current year contribution as of December 31, 2010 was \$41,520. Covered payroll totaled \$611,963 as of December 31, 2010. The total payroll for full time employees was \$531,160 at December 31, 2010. The Organization has no long-term liability in connection with the plan since it is a defined contribution plan.

NOTE 15 - ALLOCATION OF OPERATING EXPENSES

Operating expenses that do not have a direct relationship to any of the organizations primary activities, such as rent and administrative personnel costs have been allocated based on an annual analysis of employee's time. The results of the analysis of employee's time spent in each category are as follows:

<u>Description</u>	<u>Amount</u>
Education programs	79%
Management and general	13%
Fundraising	<u>8%</u>
Total	<u>100%</u>

NOTE 16 - PRIOR PERIOD ADJUSTMENT

In 2009 beneficial interest in assets held by others was recorded at \$460,151, which was the amount given to The Jimmie Heuga Center Endowment by Can Do M.S. in 2009. The mission statement of The Jimmie Heuga Center Endowment is to support Can Do M.S. Beneficial interest in assets held by others should have been recorded at 100% of the net book value of the Jimmie Heuga Center Endowment, \$656,745.

An adjustment of \$196,594 was made to beneficial interest in assets held by others and to temporarily restricted net assets for the year ending December 31, 2009.