

CANINE PARTNERS OF THE ROCKIES, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

CANINE PARTNERS OF THE ROCKIES, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



May 29, 2025

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, 2024, 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, 2024, 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.'s 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 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, 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, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 160,769	\$ 84,991
Accounts receivable	60,500	100
Prepaid expenses	18,520	9,402
Investments (Note 4)	3,217,764	3,220,068
Net property and equipment (Note 5)	1,792	2,987
Total assets	<u>\$ 3,459,345</u>	<u>\$ 3,317,548</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 18,142	\$ 7,524
Accrued payroll expenses	28,643	11,905
Total liabilities	<u>46,785</u>	<u>19,429</u>
<u>Net assets</u>		
Without donor restrictions	3,280,941	3,296,939
With donor restriction (Note 7)	131,619	1,180
Total net assets	<u>3,412,560</u>	<u>3,298,119</u>
Total liabilities and net assets	<u>\$ 3,459,345</u>	<u>\$ 3,317,548</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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Investment income (Note 4)	\$ 306,942	\$ -	\$ 306,942	\$ 381,975
Foundations awards	58,506	213,000	271,506	86,450
Individual contributions	126,655	5,500	132,155	90,840
Special events, net (Note 8)	42,056	-	42,056	30,081
Wills and bequests	26,505	-	26,505	-
Corporate contributions	6,588	-	6,588	15,116
Earned revenue	6,503	-	6,503	16,850
All other	374	-	374	22
In-kind contributions (Note 9)	4,553	-	4,553	7,846
Net assets released from restrictions (Note 10)	88,061	(88,061)	-	-
Total revenue and other support	666,743	130,439	797,182	629,180
<u>Expense</u>				
Program services	420,432	-	420,432	220,052
Supporting services				
Management and general	127,420	-	127,420	108,352
Fund-raising	134,889	-	134,889	135,948
Total expense	682,741	-	682,741	464,352
Change in net assets	(15,998)	130,439	114,441	164,828
Net assets, beginning of year	3,296,939	1,180	3,298,119	3,133,291
Net assets, end of year	\$ 3,280,941	\$ 131,619	\$ 3,412,560	\$ 3,298,119

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024				2023
		Supporting Services			
<u>Description</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 260,626	\$ 54,459	\$ 73,909	\$ 388,994	\$ 211,424
Payroll taxes and benefit	38,123	7,966	10,811	56,900	29,868
Veterinary services	32,234	180	-	32,414	15,576
Canine operations	32,049	180	-	32,229	30,039
Advertising and promotion	443	30,477	216	31,136	31,237
Fundraising event meals and entertainment	-	-	25,292	25,292	25,437
Accounting services	-	16,428	-	16,428	15,695
Development and fundraising	-	-	16,309	16,309	16,967
Insurance	12,474	707	1,768	14,949	5,808
Utilities and janitorial	12,180	-	-	12,180	9,958
Rent	10,348	75	76	10,499	10,223
Travel	9,222	961	151	10,334	5,039
Legal	-	7,474	-	7,474	5,393
Office supplies	4,582	705	1,762	7,049	7,954
Information technology	4,176	642	1,606	6,424	5,248
Professional services - leadership restructuring	-	4,621	-	4,621	21,217
Facilities	1,817	-	1,892	3,709	5,045
Meals and entertainment	504	953	143	1,600	1,681
Telephone	498	498	498	1,494	1,683
Miscellaneous	758	695	58	1,511	8,262
	420,034	127,021	134,491	681,546	463,754
Depreciation	398	399	398	1,195	598
Total	\$ 420,432	\$ 127,420	\$ 134,889	\$ 682,741	\$ 464,352

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 114,441	\$ 164,828
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation	1,195	598
(Gain) loss on investment	(239,809)	(333,673)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(60,400)	1,249
(Increase)decrease in prepaid expense	(9,118)	(4,967)
Increase(decrease) in accounts payable	10,618	2,606
Increase(decrease) in accrued payroll expenses	16,738	(7,317)
Net cash provided(used) by operating activities	<u>(166,335)</u>	<u>(176,676)</u>
<u>Cash flows from investing activities</u>		
(Purchases) of property and equipment		(3,585)
Proceeds from investments	309,119	145,000
(Reinvestment) of interest and dividends	(67,006)	(48,234)
Net cash provided(used) by investing activities	<u>242,113</u>	<u>93,181</u>
Net increase(decrease) in cash and cash equivalents	75,778	(83,495)
Cash and cash equivalents, beginning of year	<u>84,991</u>	<u>168,486</u>
Cash and cash equivalents, end of year	<u><u>\$ 160,769</u></u>	<u><u>\$ 84,991</u></u>
Supplemental disclosure of information:		
Interest expense	<u><u>\$ -</u></u>	<u><u>\$ 150</u></u>

The accompanying notes are an integral part of these financial statements

CANINE PARTNERS OF THE ROCKIES, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

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 investment income, foundation support, 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.

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

4. Revenue recognition

The Organization recognizes revenue from cost-reimbursable state grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific contract and grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization has elected to recognize revenue under conditional grants and contracts as revenue in net assets without donor restrictions.

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—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

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, 2024, 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 \$2,500. Depreciation of capital assets is provided over the estimated useful lives of the respective assets five years for furniture and equipment and three years for computer and other technology equipment on a straight-line basis.

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

9. 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.

10. 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.

11. Functional Reporting of Expenses

For the year ended December 31, 2024, 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.

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

12. 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, 2024, from which the summarized information was derived.

13. Subsequent Events

Management has evaluated subsequent events through May 29, 2025, 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, 2024:

<u>Description</u>	<u>Amount</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 160,769
Accounts receivable	60,500
Investments	<u>3,217,764</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 3,439,033</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.

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 Organization consisted of the following at December 31, 2024.

<u>Description</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equities	\$ 2,158,835	\$ 2,146,351	\$ (12,484)
Fixed income	990,712	990,999	287
Cash, CDs, and money funds	<u>80,414</u>	<u>80,414</u>	<u>-</u>
Total	<u>\$ 3,229,961</u>	<u>\$ 3,217,764</u>	<u>\$ (12,197)</u>

NOTE 4 - INVESTMENTS (Concluded)

Investment account activity is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividends	\$ 95,253
Realized and unrealized gains(losses), net	239,809
Less: management fees	<u>(28,247)</u>
Total	<u>\$ 306,815</u>

In addition, the Organization generated \$127 in operating interest from cash and cash equivalents.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Leasehold improvements	\$ 14,832
Furniture, fixtures, and equipment	<u>9,021</u>
Total	23,853
Less: accumulated depreciation	<u>(22,061)</u>
Net property and equipment	<u>\$ 1,792</u>

Depreciation expense for the year was \$1,195.

NOTE 6 - LEASE COMMITMENT

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 through August 2024 increasing to \$877 in September 2024. For the year ended December 31, 2024, the Organization recorded rent expense of \$10,4998.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Mobility assistance dogs	\$ 123,106
Outreach and development	8,333
Other	<u>180</u>
Total	<u>\$ 131,619</u>

NOTE 8 - SPECIAL EVENTS

For the year, special events revenue consisted of:

<u>Description</u>	<u>Amount</u>
Special events revenue	\$ 75,660
Less: direct expenses	<u>(33,604)</u>
Total	<u>\$ 42,056</u>

Special events included a Bowties & Tails event with an auction. Direct special events expense consisted of items that are of direct benefit to the attendees. The Organization received non-cash contributions of \$23,342 in donated items for setup and promotion which are included in special events revenue and expense at the amounts received.

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:

<u>Description</u>	<u>Revenue Recognized</u>	<u>Utilization in Program/ Activities</u>	<u>Donor Restriction</u>	<u>Valuation Techniques and Inputs</u>
Veterinary care and supplies	\$ 4,553	Programs	No associated donor restrictions	Estimate of the fair market value of services.
Total	<u>\$ 4,553</u>			

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 70,028 volunteer service hours not requiring professional level skills, consisting primarily of puppy trainers who provided 24/7 training services, valued at \$2,345,238. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
Mobility assistance dogs	\$ 75,394
Outreach and development	11,667
Herbs Help scholarship program	<u>1,000</u>
Total	<u>\$ 88,061</u>

NOTE 11 - 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 vest on a standard 5-year vesting schedule for the employer matching contribution as follows: - less than a year- 0%, 1 year- 20%, 2 year- 40%, 3 year- 60%, 4 year-80%, 5 year- 100% starting from an employee's start date with the Organization. The Organization's contributions to the plan for the year ended December 31, 2024, were \$8,635.

NOTE 12 - CONCENTRATION OF RISK

For the year ended December 31, 2024, 99% of the Organizations grants and contracts are due from one foundation. The Organization is not dependent on this funding to continue with its current level of service.