

CARING CONNECTION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2014



Crady, Puca & Associates

Certified Public Accountants & Consultants

CARING CONNECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Caring Connection:

We have audited the accompanying financial statements of Caring Connection (the "Organization"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caring Connection as of June 30, 2014, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 13-14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Caring Connection's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates

Centennial, CO
March 18, 2015

CARING CONNECTION
Statement of Financial Position
As of June 30, 2014
(With Summarized Financial Information As of June 30, 2013)

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 29,235	\$ 77,708
Campaign receivables, net of allowance for doubtful accounts of \$18,668 and \$19,832, respectively	351,440	307,740
Other receivables	12,724	6,372
Employee receivable	-	3,119
Prepaid expenses	469	2,448
Total current assets	<u>393,868</u>	<u>397,387</u>
Property and equipment, net of accumulated depreciation of \$4,047 and \$2,802, respectively	<u>9,687</u>	<u>12,273</u>
Total assets	<u>\$ 403,555</u>	<u>\$ 409,660</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Campaign distributions payable	\$ 280,067	\$ 287,241
Accounts payable	3,464	1,076
Accrued liabilities	680	-
Capital lease obligation, current portion	2,162	1,956
Total current liabilities	<u>286,373</u>	<u>290,273</u>
Long-term debt		
Capital lease obligation, net of current portion	<u>8,326</u>	<u>10,372</u>
Total liabilities	<u>294,699</u>	<u>300,645</u>
NET ASSETS		
Unrestricted	<u>108,856</u>	<u>109,015</u>
Total liabilities and net assets	<u>\$ 403,555</u>	<u>\$ 409,660</u>

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

CARING CONNECTION**Statement of Activities****For the Year Ended June 30, 2014****(With Summarized Financial Information For the Year Ended June 30, 2013)**

	<u>2014</u>	<u>2013</u>
Public Support:		
Amounts raised on behalf of other organizations	\$ 425,378	\$ 444,730
Less: Amounts remitted and remittable to other organizations	(359,761)	(377,008)
Less: Amounts designated to Caring Connection	(11,375)	(7,102)
Administrative fees for raising amounts on behalf of others	54,242	60,620
Contributions	16,500	15,611
Total Public Support	<u>70,742</u>	<u>76,231</u>
Revenue:		
Membership dues	49,950	56,725
Other income	269	1,202
Interest income	-	44
Total Revenue	<u>50,219</u>	<u>57,971</u>
Total Public Support and Revenue	<u>120,961</u>	<u>134,202</u>
Expenses:		
Program services -		
Capacity building	27,542	31,503
Member outreach and development	37,655	37,187
Community outreach and education	29,251	32,436
Total program services	<u>94,448</u>	<u>101,126</u>
Supporting services -		
General and administrative	25,538	22,792
Fundraising	1,134	2,801
Total supporting services	<u>26,672</u>	<u>25,593</u>
Total Expenses	<u>121,120</u>	<u>126,719</u>
Change in net assets	(159)	7,483
Net assets, beginning of year	<u>109,015</u>	<u>101,532</u>
Net assets, end of year	<u>\$ 108,856</u>	<u>\$ 109,015</u>

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

CARING CONNECTION

Statement of Functional Expenses

For the Year Ended June 30, 2014

(With Summarized Financial Information For the Year Ended June 30, 2013)

	Program Services				Supporting Services			2014 Total	2013 Total
	Capacity Building	Member Outreach	Community Outreach & Education	Total	General & Administration	Fundraising	Total		
Salaries	\$ 13,494	\$ 25,639	\$ 19,566	\$ 58,699	\$ 8,096	\$ 675	\$ 8,771	\$ 67,470	\$ 67,209
Payroll taxes	987	1,875	1,431	4,293	592	50	642	4,935	5,633
Employee benefits	714	1,356	1,035	3,105	428	36	464	3,569	6,580
Total payroll expenses	15,195	28,870	22,032	66,097	9,116	761	9,877	75,974	79,422
Professional fees	-	-	-	-	9,060	-	9,060	9,060	12,233
Contract services	480	913	696	2,089	288	24	312	2,401	479
Office supplies and expense	216	410	315	941	857	159	1,016	1,957	941
Telephone	297	564	430	1,291	178	15	193	1,484	1,478
Rent and utilities	1,126	2,140	1,633	4,899	676	56	732	5,631	5,707
Postage and shipping	52	99	75	226	31	3	34	260	448
Interest	231	438	334	1,003	138	12	150	1,153	1,173
Insurance	499	947	723	2,169	299	25	324	2,493	1,448
Travel and meetings	242	654	351	1,247	145	12	157	1,404	1,187
Campaign expenses	7,875	96	735	8,706	-	-	-	8,706	10,446
IT related expenses	495	940	718	2,153	297	25	322	2,475	5,125
Printing	317	601	459	1,377	190	16	206	1,583	669
Miscellaneous	-	-	-	-	489	-	489	489	2,785
In-kind donations	-	-	-	-	-	-	-	-	409
Bad debt expense	-	-	-	-	3,464	-	3,464	3,464	-
Depreciation	517	983	750	2,250	310	26	336	2,586	2,769
	<u>\$ 27,542</u>	<u>\$ 37,655</u>	<u>\$ 29,251</u>	<u>\$ 94,448</u>	<u>\$ 25,538</u>	<u>\$ 1,134</u>	<u>\$ 26,672</u>	<u>\$ 121,120</u>	<u>\$ 126,719</u>

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

CARING CONNECTION**Statement of Cash Flows****For the Year Ended June 30, 2014****(With Summarized Financial Information For the Year Ended June 30, 2013)**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (159)	\$ 7,483
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	2,586	2,769
(Gain) loss on asset disposals	-	(680)
(Increase) decrease in operating assets:		
Campaign receivables	(43,700)	17,656
Other receivables	(6,352)	5,003
Employee receivables	3,119	(3,119)
Prepaid expenses	1,979	51
Increase (decrease) in operating liabilities:		
Distributions payable	(7,174)	(59,422)
Accounts payable	2,388	(542)
Accrued liabilities	680	(2,407)
	<u>(46,633)</u>	<u>(33,208)</u>
Net cash used in operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	<u>(1,840)</u>	<u>(1,734)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,473)	(34,942)
Cash and cash equivalents - beginning of the year	<u>77,708</u>	<u>112,650</u>
Cash and cash equivalents - end of the year	<u>\$ 29,235</u>	<u>\$ 77,708</u>
Supplemental disclosure of cash flow		
Cash paid during the year for interest	<u>\$ 1,153</u>	<u>\$ 1,173</u>
Noncash investing and financing		
Equipment acquired through capital lease	<u>\$ -</u>	<u>\$ 12,635</u>

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

1. Summary of Significant Accounting Policies

Nature of the Organization

Caring Connection (the "Organization") is a Colorado nonprofit corporation located in Denver, Colorado. The Organization is a federation for the worksite payroll deduction campaigns on behalf of member nonprofit human service agencies. The Organization administers and distributes funds to members and non-member nonprofit organizations participating in the campaigns. In accordance with generally accepted accounting principles, costs related to workplace giving are reported as support services under fundraising.

The Organization is supported primarily through campaign and general contributions.

The Organization operates the following programs:

Capacity Building

Capacity building is the ability of nonprofit organizations to fulfill their missions in an effective manner. For Caring Connection, this means not only helping build their own organizational capacity, but assisting member organizations with information and education to better sustain their missions.

Member Outreach & Development

Member organizations are the primary reason Caring Connection exists. In order to maintain the best possible connections, staff at Caring Connection tours current and potential member agencies and meets with staff from member agencies to ascertain how Caring Connection can best serve these charities.

Other areas of service for members include hosting Connection Sessions for member agencies, working with charities during the re-certification process and attending board meetings of agencies.

Other forms of communication include weekly e-updates and web updates as related to membership resources.

Community Outreach & Education

Caring Connection meets with businesses and community entities with the intent to educate about Caring Connection, its member organizations and workplace giving in general. This may include, but is not limited to: meeting with service groups, attending city, county or state meetings with the intent of education, website updating for worksite and community resources and research on potential connections.

Basis of Accounting

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

1. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

The Organization reports 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. As of June 30, 2014, the Organization has no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of June 30, 2014.

Campaign Receivables

The Organization has established an allowance for uncollectible campaign receivables. Since campaign distributions are contingent on campaign receipts, the allowance is determined based on the net allowance of campaign receivables and campaign distributions payable.

It is the policy of the Organization to review the outstanding campaign receivables at year end, as well as the allowance and write-offs experienced in the past, and establish an allowance for uncollectible amounts. The campaign receivable balance at the end of the campaign is considered uncollectible and is written off. As of June 30, 2014, all campaign receivables are expected to be collected within one year.

Capitalization and Depreciation

Property and equipment are stated at cost, or fair value if contributed. The Organization capitalizes expenditures for property and equipment in excess of \$1,000. Expenditures for maintenance, repairs and minor replacements are charged to operations. The cost of property and equipment is depreciated over the estimated useful lives of the respective assets on a straight-line basis.

Fair Value of Financial Instruments

The carrying amounts of cash, receivables and short-term obligations approximate fair value due to the near-term maturity of those instruments.

1. Summary of Significant Accounting Policies (continued)

Contributions and Support

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is recorded as an increase in temporarily or permanently restricted net assets, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Distributions

Cash received from campaigns, net of administrative fees, is distributed to members in the ratio of designated pledges to total organization-designated pledges.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of demand deposits and receivables.

Cash demand deposits held at financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2014, no amounts exceeded the FDIC's insurance limit of \$250,000.

Credit risk with respect to campaign and other receivables is limited due to the number and credit worthiness of the entities from whom the amounts are due.

Amounts Raised on Behalf of Other Organizations

The Organization recognizes the fair value of the assets received that are to be transferred to another organization as a liability to the specified beneficiary organization, not as support.

The Organization distributes the receipts from a given campaign proportionately in accordance with gross designation reports provided by administrators of various campaigns, or in accordance with donor designations when the Organization is the campaign administrator. Distributions are made at regularly scheduled intervals using the initial gross designation reports from each campaign as the basis for each proportionate distribution.

1. Summary of Significant Accounting Policies (continued)

Income Tax Status

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and accordingly, is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Therefore, no provision for federal income tax is recorded in the accompanying financial statements. Income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have unrelated business income subject to tax during the year ended June 30, 2014.

The Organization follows *Accounting for Uncertainty in Income Taxes* which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements.

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to June 30, 2011. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior-Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Reclassifications made in prior year have no impact on total net assets or in changes in net assets.

Date of Management's Review

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on March 18, 2015 and this is the date through which subsequent events were evaluated.

CARING CONNECTION
Notes to Financial Statements
June 30, 2014

2. Property and Equipment

As of June 30, 2014, property and equipment consisted of the following:

Computer equipment	\$	399
Furniture and office equipment		13,335
		<u>13,734</u>
Less: accumulated depreciation		(4,047)
Net property and equipment	\$	<u>9,687</u>

Amounts under capital lease, which are included in furniture and office equipment, consist of the following as of June 30, 2014:

Copier	\$	12,635
Less: accumulated depreciation		(2,948)
	\$	<u>9,687</u>

3. Capital Lease Obligation

The following represent obligations under capital lease for office equipment as of June 30, 2014:

Due in monthly installments of principal and interest of \$259 through July 2018, interest rate of 10.06%, secured by equipment	\$	12,807
Less: interest		(2,319)
Present value of future minimum lease payments		<u>10,488</u>
Less: current portion		(2,162)
Long-term portion	\$	<u>8,326</u>

Future annual maturities of this obligation as of June 30, 2014, are as follows:

<u>Year Ending June 30,</u>		
2015	\$	2,162
2016		2,390
2017		2,642
2018		2,920
2019		374
Total	\$	<u>10,488</u>

4. Administrative Fees

The Organization charges an administrative fee on funds raised in order to support its operations. During the year ended June 30, 2014, the fee charged by the Organization was 15% of eligible contributions. The Organization does not charge administrative fees on the Denver Employees' Combined Campaign, the Colorado Combined Campaign, or certain private campaigns that do not allow administrative fees.

5. Significant Concentrations

During the year ended June 30, 2014, the Organization received approximately 43% of its administrative fees from one campaign.

CARING CONNECTION**Supplemental Schedule of Distributions to Member Agencies - Cash Basis
For the Year Ended June 30, 2014**

Academy of Urban Learning	\$	1,887
ACS Community LIFT		2,428
Alternatives Pregnancy Center		5,354
American Council of the Blind		540
ARC in Jefferson County		310
ARC of Arapahoe & Douglas Counties		1,253
ARC Thrift stores		1,061
Art Reach		1,972
Arvada Community Food Bank		20,757
Aurora Community Connections Family Center		378
Aurora Interchurch Task Force		1,526
Aurora Mental Health Center		3,049
Bessie's Hope		2,833
Bienvenidos Food Bank		2,827
Camp ID-Ra-Ha-Je		2,320
CASA of Jefferson & Gilpin Counties		2,672
CCASA		1,963
Center for Hearing		1,503
CityWILD		2,178
Colorado Coalition Against Domestic Violence		5,999
Colorado Renewable Energy		1,216
Colorado Christian Services		6,997
Colorado Drug Endangered Children		1,004
Colorado Homeless Families		21,201
Colorado Uplift		275
CPRA		241
DDRC		4,286
Denver Area Youth Services		638
Denver Indian Family Resource Center		1,343
Denver Indian Health & Family Services		3,337
Denver Options		2,173
Denver Rescue Mission		109,238
Denver Voice, Inc.		1,551
Douglas/Elbert Task Force		7,043
Excelsior Youth Center		1,416
Firefly Autism		3,984
Focus Points Family Resource Center		119
Friends of Paha		1,467
Front Range Little People		273
Hero Alliance		625
HIV Care Link		417

CARING CONNECTION**Supplemental Schedule of Distributions to Member Agencies - Cash Basis (continued)****For the Year Ended June 30, 2014**

Inner City Heath Center	\$	7,593
Inter-Faith Community Services		2,611
Interfaith Hospitality Network		719
JeffCo Action Center		39,291
KidsTek		26
La Raza		424
Laradon Hall		2,252
Legal Center for People with Disabilities		1,644
Mercy Housing		663
Metro CareRing		6,902
National Sports Center for the Disabled		1,791
Native American Cancer Research Corp		68
Open World Learning		62
Project Sanctuary		2,054
Qualistar Colorado		152
Ralston House		12,815
Rocky Mountain Cancer Assistance		4,038
Rocky Mountain MS Center		7,401
Rocky Mountain PBS		10,156
Roundup Fellowship		691
Sacred Heart House of Denver		3,515
Safehouse Denver		5,919
Third Way Center, Inc.		473
Wapiyapi		1,863
WINGS Foundation		1,062
You Can Begin Again		3,908
		<hr/>
	\$	<u>349,747</u>