

CARING CONNECTION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2015



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, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates

Centennial, CO
June 21, 2016

CARING CONNECTION
Statement of Financial Position
As of June 30, 2015
(With Summarized Financial Information As of June 30, 2014)

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24,765	\$ 29,235
Campaign receivables, net of allowance for doubtful accounts of \$18,811 and \$18,667, respectively	344,413	351,440
Other receivables	6,790	12,724
Prepaid expenses	2,384	469
Total current assets	378,352	393,868
Property and equipment, net of accumulated depreciation of \$6,547 and \$4,047, respectively	10,946	9,687
Total assets	\$ 389,298	\$ 403,555
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Campaign distributions payable, net	\$ 295,975	\$ 280,067
Accounts payable	4,064	3,464
Accrued liabilities	-	680
Capital lease obligation, current portion	2,390	2,162
Total current liabilities	302,429	286,373
Non-current liabilities		
Capital lease obligation, net of current portion	6,142	8,326
Total liabilities	308,571	294,699
NET ASSETS		
Unrestricted	80,727	108,856
Total liabilities and net assets	\$ 389,298	\$ 403,555

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

CARING CONNECTION**Statement of Activities****For the Year Ended June 30, 2015****(With Summarized Financial Information For the Year Ended June 30, 2014)**

	<u>2015</u>	<u>2014</u>
Public Support:		
Amounts raised on behalf of other organizations	\$ 439,761	\$ 425,378
Less: Amounts remitted and remittable to other organizations	(380,721)	(359,761)
Less: Amounts designated to Caring Connection	(12,343)	(11,375)
Administrative fees for raising amounts on behalf of others	46,697	54,242
Contributions	17,548	16,500
Total Public Support	<u>64,245</u>	<u>70,742</u>
Revenue:		
Membership dues	46,050	49,950
Other income	436	269
Interest income	-	-
Total Revenue	<u>46,486</u>	<u>50,219</u>
Total Public Support and Revenue	<u>110,731</u>	<u>120,961</u>
Expenses:		
Program services -		
Federation partnership promotion	22,620	19,667
Member relations and advancement	56,562	37,655
Community outreach and business development	23,503	29,251
Total program services	<u>102,685</u>	<u>86,573</u>
Supporting services -		
General and administrative	24,295	25,538
Fundraising	11,880	9,009
Total supporting services	<u>36,175</u>	<u>34,547</u>
Total Expenses	<u>138,860</u>	<u>121,120</u>
Change in net assets	(28,129)	(159)
Net assets, beginning of year	<u>108,856</u>	<u>109,015</u>
Net assets, end of year	<u>\$ 80,727</u>	<u>\$ 108,856</u>

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

CARING CONNECTION

Statement of Functional Expenses

For the Year Ended June 30, 2015

(With Summarized Financial Information For the Year Ended June 30, 2014)

	Program Services				Supporting Services			2015 Total	2014 Total
	Federation Partnership Promotion	Member Relations & Advancement	Community Outreach & Business Development	Total	General & Administration	Fundraising	Total		
Salaries	\$ 17,000	\$ 42,500	\$ 17,000	\$ 76,500	\$ 8,500	\$ -	\$ 8,500	\$ 85,000	\$ 67,470
Payroll taxes	1,321	3,303	1,321	5,945	661	-	661	6,606	4,935
Employee benefits	234	586	235	1,055	117	-	117	1,172	3,569
Total payroll expenses	18,555	46,389	18,556	83,500	9,278	-	9,278	92,778	75,974
Professional fees	-	-	-	-	12,025	-	12,025	12,025	9,060
Contract services	552	1,380	552	2,484	276	-	276	2,760	2,401
Advertising and promotion	-	-	884	884	-	-	-	884	-
Office supplies and expense	248	618	248	1,114	1,083	-	1,083	2,197	1,957
Telephone	332	830	332	1,494	166	-	166	1,660	1,484
Rent and utilities	1,127	2,816	1,126	5,069	563	-	563	5,632	5,631
Postage and shipping	100	251	100	451	50	-	50	501	260
Interest	236	590	236	1,062	119	-	119	1,181	1,153
Insurance	382	953	381	1,716	191	-	191	1,907	2,493
Travel and meetings	199	497	199	895	99	-	99	994	1,404
Campaign expenses	-	-	-	-	-	11,880	11,880	11,880	8,706
IT related expenses	234	585	234	1,053	117	-	117	1,170	2,475
Printing	150	375	150	675	75	-	75	750	1,583
Miscellaneous	-	14	-	14	-	-	-	14	489
Bad debt expense	-	-	-	-	-	-	-	-	3,464
Depreciation	505	1,264	505	2,274	253	-	253	2,527	2,586
	<u>\$ 22,620</u>	<u>\$ 56,562</u>	<u>\$ 23,503</u>	<u>\$ 102,685</u>	<u>\$ 24,295</u>	<u>\$ 11,880</u>	<u>\$ 36,175</u>	<u>\$ 138,860</u>	<u>\$ 121,120</u>

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

CARING CONNECTION**Statement of Cash Flows****For the Year Ended June 30, 2015****(With Summarized Financial Information For the Year Ended June 30, 2014)**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (28,129)	\$ (159)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	2,527	2,586
(Increase) decrease in operating assets:		
Campaign receivables	7,027	(43,700)
Other receivables	5,934	(6,352)
Employee receivables	-	3,119
Prepaid expenses	(1,915)	1,979
Increase (decrease) in operating liabilities:		
Distributions payable	15,908	(7,174)
Accounts payable	600	2,388
Accrued liabilities	(680)	680
	<u>1,272</u>	<u>(46,633)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(3,786)</u>	<u>-</u>
Net cash used in investing activities	<u>(3,786)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	<u>(1,956)</u>	<u>(1,840)</u>
Net cash used in financing activities	<u>(1,956)</u>	<u>(1,840)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,470)	(48,473)
Cash and cash equivalents - beginning of the year	<u>29,235</u>	<u>77,708</u>
Cash and cash equivalents - end of the year	<u>\$ 24,765</u>	<u>\$ 29,235</u>
Supplemental disclosure of cash flow		
Cash paid during the year for interest	<u>\$ 1,181</u>	<u>\$ 1,153</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 in the United States of America ("US GAAP"), costs related to workplace giving are reported as support services under fundraising. The Organization is supported primarily through membership dues, designated workplace contributions and campaign management fees.

The Organization operates the following programs:

Federation Partnership Promotion

Collaboration is key to the success and magnitude of workplace giving. The Federation model and its various participants are a powerful force in local philanthropy. Caring Connection is committed to doing everything possible to promote and support our federation partners: Community Shares and Community Health Charities (Partnership For Colorado), the Colorado Combined Campaign, the Denver Employees Combined Campaign and the Combined Federal Campaign.

Member Relations and Advancement

Member organizations are the primary reason Caring Connection exists. To enhance the likelihood that each nonprofit will attract appropriate attention (cash pledges) from potential donors represented by the various workplace campaigns, Caring Connection seeks to build:

- **Member Relationship** – The staff at Caring Connection tours current and potential member agencies and regularly communicates with staff from member agencies to understand how Caring Connection can best serve these charities. Timely and accurate cash distributions and donor reporting are a critical part of member relations as well.
- **Member Awareness** - Caring Connection uses and shares current and relevant marketing and communication techniques to help member organizations better present their capabilities and value to the community.
- **Member Capacity** - Capacity is the ability of nonprofit organizations to fulfill their missions in an effective manner. For Caring Connection, this means not only helping build organizational capacity but assisting member organizations with information and education to better sustain their missions.

1. Summary of Significant Accounting Policies (continued)

Nature of the Organization (continued)

Community Outreach & Business Development

In addition to enhancing the likelihood that each nonprofit will attract appropriate attention during a workplace campaign, increasing the number of workplace campaigns each year determines the number of "employee views" each nonprofit will have. The more "employee views" the higher the probability of multiple pledges.

Caring Connection seeks to:

- Educate the community about the "everyone-wins" benefits of workplace giving
- Inform business organizations of the numerous advantages of sponsoring annual workplace campaigns
- Sell individual businesses customized workplace campaigns
- Fulfill all aspects of a workplace campaign - planning through execution to celebrating success

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.

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, 2015, the Organization has no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in accordance with US GAAP 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, 2015.

1. Summary of Significant Accounting Policies (continued)

Campaign Receivables

Campaign receivables are unconditional and recognized as revenue in the period the pledges are received. Pledges made by workplace giving are all due in less than one year.

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.

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 which range from 3- 5 years.

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.

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.

1. Summary of Significant Accounting Policies (continued)

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 cash receipts, net of an administrative fee, 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.

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, 2015.

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, 2012. 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.

1. Summary of Significant Accounting Policies (continued)

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, 2014, 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 June 21, 2016 and this is the date through which subsequent events were evaluated.

2. Property and Equipment

As of June 30, 2015, property and equipment consisted of the following:

Computer equipment	\$	399
Website		3,786
Furniture and office equipment		13,335
		<u>17,520</u>
Less: accumulated depreciation		(6,574)
Net property and equipment	\$	<u><u>10,946</u></u>

Amounts under capital lease, which are included in furniture and office equipment, consist of the following as of June 30, 2015:

Copier	\$	12,635
Less: accumulated depreciation		(5,475)
	\$	<u><u>7,160</u></u>

CARING CONNECTION
Notes to Financial Statements
June 30, 2015

3. Capital Lease Obligation

The following represent obligations under capital lease for office equipment as of June 30, 2015:

Due in monthly installments of principal and interest of \$259 through July 2018, interest rate of 10.06%, secured by equipment	\$ 9,906
Less: interest	(1,374)
Present value of future minimum lease payments	<u>8,532</u>
Less: current portion	(2,390)
Long-term portion	<u><u>\$ 6,142</u></u>

Future annual maturities of this obligation as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 2,390
2017	2,642
2018	2,920
2019	580
Total	<u><u>\$ 8,532</u></u>

4. Campaign Administrative Fees

The Organization charges an administrative fee on funds raised in order to support its operations. During the year ended June 30, 2015, 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, 2015, the Organization received approximately 38% of its administrative fees from one campaign.

CARING CONNECTION**Supplemental Schedule of Distributions to Member Agencies - Cash Basis
For the Year Ended June 30, 2015**

Academy of Urban Learning	\$	355
ACCESS Housing		2,595
ACS Community LIFT		2,696
Alternatives Pregnancy Center		10,655
American Council of the Blind		1,619
ARC in Jefferson County		183
ARC of Arapahoe & Douglas Counties		1,259
ARC Thrift stores		609
Art Reach		1,917
Arvada Community Food Bank		19,478
Aurora Interfaith Community Services		1,503
Aurora Mental Health Center		2,694
Bessie's Hope		2,891
Bienvenidos Food Bank		4,280
Camp ID-Ra-Ha-Je		2,625
Canine Partners of the Rockies		342
CASA of Jefferson & Gilpin Counties		2,458
CDOT Helping Hand		123
CityWILD		908
Clinica Colorado		1,180
Colorado Coalition Against Domestic Violence		4,982
Colorado Coalition Against Sexual Assault		2,044
Colorado Renewable Energy		958
Colorado Christian Services		5,781
Colorado Drug Endangered Children		1,596
Colorado Homeless Families		18,487
Colorado Uplift		15
CPRA		156
DDRC		6,633
Denver Area Youth Services		621
Denver Indian Family Resource Center		1,454
Denver Indian Health & Family Services		2,226
Denver Rescue Mission		100,466
Denver Scholarship Foundation		64
Denver Street School		230
Denver Voice, Inc.		1,281
Disability Law CO		1,297
Douglas/Elbert Task Force		4,848
Excelsior Youth Center		1,480
Firefly Autism		2,630
Focus Points Family Resource Center		350
Friends of Paha		678
Hero Alliance		649
Hope Communities		330

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

CARING CONNECTION**Supplemental Schedule of Distributions to Member Agencies - Cash Basis (continued)****For the Year Ended June 30, 2015**

I Love U Guys Foundation	\$ 317
Inner City Heath Center	20,852
Integrated Family Community Services	2,294
Interfaith Hospitality Network	44
KidsTek	206
La Raza	271
Laradon Hall	1,693
Legacy of Hope	28
Marion Downs Center	1,091
Mercy Housing	1,377
Metro Caring	7,877
National Sports Center for the Disabled	2,650
Native American Cancer Research Corp	213
Open World Learning	53
Project Sanctuary	-
Qualistar Colorado	62
Ralston House	12,933
Rocky Mountain Cancer Assistance	1,832
Rocky Mountain MS Center	7,950
Rocky Mountain PBS	9,345
Roundup Fellowship	289
Sacred Heart House of Denver	3,836
Safehouse Denver	6,523
St. Vincent DePaul Society	221
The Action Center	37,972
Third Way Center, Inc.	566
Wapiyapi	2,710
WINGS Foundation	918
Women's Bean Project	123
You Can Begin Again	4,334
	<hr/>
	\$ 348,206

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