

CARING CONNECTION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2016



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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates

Centennial, CO
March 28, 2017

CARING CONNECTION
Statement of Financial Position
As of June 30, 2016
(With Summarized Financial Information As of June 30, 2015)

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 34,708	\$ 24,765
Campaign receivables, net of allowance for doubtful accounts of \$21,113 and \$18,811, respectively	330,577	344,413
Other receivables	239	6,790
Prepaid expenses	508	2,384
Total current assets	<u>366,032</u>	<u>378,352</u>
Property and equipment, net of accumulated depreciation of \$9,032 and \$6,574, respectively	<u>7,788</u>	<u>10,946</u>
Total assets	<u>\$ 373,820</u>	<u>\$ 389,298</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Campaign distributions payable, net	\$ 295,332	\$ 295,975
Accounts payable	5,733	4,064
Accrued liabilities	1,390	-
Capital lease obligation, current portion	2,642	2,390
Total current liabilities	<u>305,097</u>	<u>302,429</u>
Non-current liabilities		
Capital lease obligation, net of current portion	<u>3,808</u>	<u>6,142</u>
Total liabilities	<u>308,905</u>	<u>308,571</u>
NET ASSETS		
Unrestricted	<u>64,915</u>	<u>80,727</u>
Total liabilities and net assets	<u>\$ 373,820</u>	<u>\$ 389,298</u>

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

CARING CONNECTION
Statement of Activities
For the Year Ended June 30, 2016
(With Summarized Financial Information For the Year Ended June 30, 2015)

	2016	2015
Public Support:		
Amounts raised on behalf of other organizations	\$ 453,164	\$ 439,761
Less: Amounts remitted and remittable to other organizations	(391,561)	(380,721)
Less: Amounts designated to Caring Connection	(14,748)	(12,343)
Administrative fees for raising amounts on behalf of others	46,855	46,697
Contributions	22,541	17,548
In-kind contributions	6,764	-
Total Public Support	<u>76,160</u>	<u>64,245</u>
Revenue:		
Membership dues	48,490	46,050
Other income	-	436
Total Revenue	<u>48,490</u>	<u>46,486</u>
Total Public Support and Revenue	<u>124,650</u>	<u>110,731</u>
Expenses:		
Program services -		
Federation partnership promotion	20,932	22,620
Member relations and advancement	36,021	56,562
Community outreach	-	23,503
Total program services	<u>56,953</u>	<u>102,685</u>
Supporting services -		
General and administrative	40,489	24,295
Fundraising	43,020	11,880
Total supporting services	<u>83,509</u>	<u>36,175</u>
Total Expenses	<u>140,462</u>	<u>138,860</u>
Change in net assets	(15,812)	(28,129)
Net assets, beginning of year	<u>80,727</u>	<u>108,856</u>
Net assets, end of year	<u>\$ 64,915</u>	<u>\$ 80,727</u>

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

CARING CONNECTION
Statement of Functional Expenses
For the Year Ended June 30, 2016
(With Summarized Financial Information For the Year Ended June 30, 2015)

	Program Services			Supporting Services			2016 Total	2015 Total
	Federation Partnership Promotion	Member Relations & Advancement	Total	General & Administration	Fundraising	Total		
Salaries	\$ 13,993	\$ 21,358	\$ 35,351	\$ 19,149	\$ 19,149	\$ 38,298	\$ 73,649	\$ 85,000
Payroll taxes	1,060	1,618	2,678	1,451	1,451	2,902	5,580	6,606
Employee benefits	270	413	683	370	370	740	1,423	1,172
Total payroll expenses	15,323	23,389	38,712	20,970	20,970	41,940	80,652	92,778
Professional fees	-	-	-	11,361	-	11,361	11,361	12,025
Contract services	86	130	216	117	117	234	450	2,760
Member outreach	-	3,455	3,455	-	-	-	3,455	-
Advertising and promotion	1,529	2,333	3,862	2,092	2,092	4,184	8,046	884
Office supplies and expense	70	108	178	580	96	676	854	2,197
Telephone	269	411	680	368	368	736	1,416	1,660
Rent and utilities	357	544	901	488	488	976	1,877	5,632
Postage and shipping	50	75	125	67	67	134	259	501
Interest	219	335	554	299	299	598	1,152	1,181
Insurance	372	566	938	509	509	1,018	1,956	1,907
Travel and meetings	184	282	466	253	252	505	971	994
Campaign expenses	-	-	-	-	14,376	14,376	14,376	11,880
IT related expenses	514	786	1,300	705	705	1,410	2,710	1,170
Printing	60	91	151	81	81	162	313	750
Miscellaneous	14	22	36	19	20	39	75	14
Bad debt expense	-	617	617	-	-	-	617	-
Depreciation	600	916	1,516	821	821	1,642	3,158	2,527
Contributed services	1,285	1,961	3,246	1,759	1,759	3,518	6,764	-
	<u>\$ 20,932</u>	<u>\$ 36,021</u>	<u>\$ 56,953</u>	<u>\$ 40,489</u>	<u>\$ 43,020</u>	<u>\$ 83,509</u>	<u>\$ 140,462</u>	<u>\$ 138,860</u>

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

CARING CONNECTION
Statement of Cash Flows
For the Year Ended June 30, 2016
(With Summarized Financial Information For the Year Ended June 30, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (15,812)	\$ (28,129)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	3,158	2,527
(Increase) decrease in operating assets:		
Campaign receivables	13,836	7,027
Other receivables	6,551	5,934
Prepaid expenses	1,876	(1,915)
Increase (decrease) in operating liabilities:		
Distributions payable	(643)	15,908
Accounts payable	1,669	600
Accrued liabilities	1,390	(680)
Net cash provided by operating activities	<u>12,025</u>	<u>1,272</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(3,786)
Net cash used in investing activities	<u>-</u>	<u>(3,786)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(2,082)	(1,956)
Net cash used in financing activities	<u>(2,082)</u>	<u>(1,956)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,943	(4,470)
Cash and cash equivalents - beginning of the year	<u>24,765</u>	<u>29,235</u>
Cash and cash equivalents - end of the year	<u>\$ 34,708</u>	<u>\$ 24,765</u>
Supplemental disclosure of cash flow		
Cash paid during the year for interest	<u>\$ 1,152</u>	<u>\$ 1,181</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, 2016, 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, 2016.

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.

Donated Services

Donated services meeting the criteria for recognition in the financial statements are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt. Total contributed services for the year ended June 30, 2016 of \$6,764 include rent and advertising services from a related party (Note 6).

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, 2016, 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, 2016.

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, 2013. 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.

Advertising Costs

The Organization expenses advertising costs as incurred. For the year ended June 30, 2016, advertising costs were \$8,046.

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, 2015, 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 28, 2017 and this is the date through which subsequent events were evaluated.

2. Property and Equipment

As of June 30, 2016, property and equipment consisted of the following:

Computer equipment	\$	399
Website		3,786
Furniture and office equipment		12,635
		<u>16,820</u>
Less: accumulated depreciation		(9,032)
Net property and equipment	\$	<u>7,788</u>

Amounts under capital lease, which are included in furniture and office equipment, consist of the following as of June 30, 2016:

Copier	\$	12,635
Less: accumulated depreciation		(8,002)
	\$	<u>4,633</u>

Depreciation expense for the year ended June 30, 2016 amounted to \$3,158. Annual amortization of the capital lease is included in depreciation expense.

3. Capital Lease Obligation

The Organization entered into a capital lease agreement for office equipment in April 2013 for a copier. The lease requires monthly installments of \$259 for 63 months. The lease is secured by the copier.

The future minimum lease payments due under this capital lease obligation and the net present value of those payments as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>		
2017	\$	3,108
2018		3,108
2019		259
		<u>6,475</u>
Less: interest		(25)
Present value of future minimum lease payments		<u>6,450</u>
Less: current portion		(2,642)
Long-term portion	\$	<u>3,808</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, 2016, 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, 2016, the Organization received approximately 38% of its administrative fees from one campaign.

6. Related Party

In October 2015, the Organization relocated its offices to the office of an advertising firm (the "Company") which is owned by the Executive Director's wife. The Organization pays \$1 per month for rent and is on a month to month lease. In addition, the Organization pays the Company for advertising and marketing services. For the year ended June 30, 2016, the Organization incurred \$11,649 for these services, of which \$1,433 was payable at June 30, 2016 and is included in accounts payable.

For the year ended June 30, 2016, the Organization recognized nine months of in-kind rent for \$4,500 from the Company as well as \$2,264 in in-kind advertising services.

CARING CONNECTION
Supplemental Schedule of Distributions to Member Agencies - Cash Basis
For the Year Ended June 30, 2016

Academy of Urban Learning	\$	1,480
ACCESS Housing		1,700
ACS Community LIFT		1,230
Alternatives Pregnancy Center		11,195
American Council of the Blind		2,412
Art Reach		1,031
Arvada Community Food Bank		26,021
Aurora Interfaith Community Services		1,769
Aurora Mental Health Center		7,278
Bessie's Hope		4,490
Bienvenidos Food Bank		4,032
Camp ID-Ra-Ha-Je		2,186
Canine Partners of the Rockies		2,747
CASA of Jefferson & Gilpin Counties		2,150
Clinica Colorado		2,123
Colorado Alliance for Drug Endangered Children		2,586
Colorado Coalition Against Domestic Violence		5,726
Colorado Coalition Against Sexual Assault		2,385
Colorado Christian Services		6,595
Colorado Homeless Families		30,901
Colorado Uplift		346
DDRC		6,164
Denver Area Youth Services		33
Denver Center Crime Victims		76
Denver Indian Family Resource Center		1,279
Denver Indian Health & Family Services		1,309
Denver Rescue Mission		107,749
Denver Street School		1,285
Denver Voice, Inc.		997
Developmental FX		113
Disability Law CO		1,137
Douglas/Elbert Task Force		5,939
Excelsior Youth Center		2,315
Firefly Autism		3,156
Focus Points Family Resource Center		254
Hero Alliance		67
Hope Communities		267

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, 2016**

I Love U Guys Foundation	\$ 865
Inner City Heath Center	27,004
Integrated Family Community Services	2,945
Interfaith Hospitality Network	96
Laradon Hall	2,659
Legacy of Hope	698
Marion Downs Center	937
Mercy Housing	1,399
Metro Caring	8,605
National Sports Center for the Disabled	4,692
Open World Learning	703
People House	23
Ralston House	23,808
Rocky Mountain Cancer Assistance	3,806
Rocky Mountain MS Center	8,145
Sacred Heart House of Denver	6,130
Safehouse Denver	5,880
St. Vincent DePaul Society	2,791
Step 13, Inc.	958
The Action Center	39,240
Treasurer House of Hope	119
Wapiyapi	2,774
You Can Begin Again	2,922
	<hr/>
	\$ 399,722

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