

CARING CONNECTION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2017



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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates

Centennial, CO
March 19, 2018

CARING CONNECTION
Statement of Financial Position
As of June 30, 2017
(With Summarized Financial Information As of June 30, 2016)

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 118,080	\$ 34,708
Campaign receivables, net of allowance for doubtful accounts of \$22,668 and \$21,113, respectively	292,602	330,577
Other receivables	1,344	239
Prepaid expenses	684	508
Total current assets	<u>412,710</u>	<u>366,032</u>
Property and equipment, net of accumulated depreciation of \$12,821 and 9,032, respectively	<u>3,999</u>	<u>7,788</u>
Total assets	<u>\$ 416,709</u>	<u>\$ 373,820</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Campaign distributions payable	\$ 343,583	\$ 295,332
Accounts payable	2,771	5,733
Accrued liabilities	-	1,390
Capital lease obligation, current portion	2,920	2,642
Total current liabilities	<u>349,274</u>	<u>305,097</u>
Non-current liabilities		
Capital lease obligation, net of current portion	<u>257</u>	<u>3,808</u>
Total liabilities	<u>349,531</u>	<u>308,905</u>
NET ASSETS		
Unrestricted	<u>67,178</u>	<u>64,915</u>
Total liabilities and net assets	<u>\$ 416,709</u>	<u>\$ 373,820</u>

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

CARING CONNECTION
Statement of Activities
For the Year Ended June 30, 2017
(With Summarized Financial Information For the Year Ended June 30, 2016)

	2017	2016
Public Support:		
Amounts raised on behalf of other organizations	\$ 507,448	\$ 453,164
Less: Amounts remitted and remittable to other organizations	(446,393)	(391,561)
Less: Amounts designated to Caring Connection	(12,608)	(14,748)
Administrative fees for raising amounts on behalf of others	48,447	46,855
Contributions	17,901	22,541
In-kind contributions	6,000	6,764
Total Public Support	<u>72,348</u>	<u>76,160</u>
Revenue:		
Membership dues	48,775	48,490
Other income	136	-
Total Revenue	<u>48,911</u>	<u>48,490</u>
Total Public Support and Revenue	<u>121,259</u>	<u>124,650</u>
Expenses:		
Program services -		
Federation partnership promotion	21,674	20,932
Member relations and advancement	23,559	36,021
Total program services	<u>45,233</u>	<u>56,953</u>
Supporting services -		
General and administrative	39,908	40,489
Fundraising	33,855	43,020
Total supporting services	<u>73,763</u>	<u>83,509</u>
Total Expenses	<u>118,996</u>	<u>140,462</u>
Change in net assets	2,263	(15,812)
Net assets, beginning of year	<u>64,915</u>	<u>80,727</u>
Net assets, end of year	<u>\$ 67,178</u>	<u>\$ 64,915</u>

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

CARING CONNECTION
Statement of Functional Expenses
For the Year Ended June 30, 2017
(With Summarized Financial Information For the Year Ended June 30, 2016)

	Program Services			Supporting Services			2017 Total	2016 Total
	Federation Partnership Promotion	Member Relations & Advancement	Total	General & Administration	Fundraising	Total		
Salaries	\$ 15,441	\$ 16,784	\$ 32,225	\$ 20,141	\$ 14,770	\$ 34,911	\$ 67,136	\$ 73,649
Payroll taxes	1,186	1,289	2,475	1,547	1,135	2,682	5,157	5,580
Employee benefits	275	299	574	359	263	622	1,196	1,423
Total payroll expenses	16,902	18,372	35,274	22,047	16,168	38,215	73,489	80,652
Professional fees	-	-	-	11,637	-	11,637	11,637	11,361
Contract services	-	-	-	-	-	-	-	450
Member outreach	922	1,002	1,924	1,203	882	2,085	4,009	3,455
Advertising and promotion	246	267	513	320	235	555	1,068	8,046
Office supplies and expense	148	160	308	192	141	333	641	3,883
Telephone	149	163	312	195	143	338	650	1,416
Postage and shipping	60	65	125	78	57	135	260	259
Insurance	461	501	962	602	441	1,043	2,005	1,956
Travel and meetings	7	8	15	9	6	15	30	971
Campaign expenses	-	-	-	-	13,124	13,124	13,124	14,376
IT related expenses	243	265	508	316	232	548	1,056	2,710
Printing	11	12	23	15	11	26	49	313
Miscellaneous	273	297	570	357	261	618	1,188	75
Bad debt expense	-	-	-	-	-	-	-	617
Depreciation	872	947	1,819	1,137	834	1,971	3,790	3,158
Contributed rent	1,380	1,500	2,880	1,800	1,320	3,120	6,000	6,764
	<u>\$ 21,674</u>	<u>\$ 23,559</u>	<u>\$ 45,233</u>	<u>\$ 39,908</u>	<u>\$ 33,855</u>	<u>\$ 73,763</u>	<u>\$ 118,996</u>	<u>\$ 140,462</u>

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

CARING CONNECTION
Statement of Cash Flows
For the Year Ended June 30, 2017
(With Summarized Financial Information For the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,263	\$ (15,812)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	3,790	3,158
(Increase) decrease in operating assets:		
Campaign receivables	37,975	13,836
Other receivables	(1,105)	6,551
Prepaid expenses	(176)	1,876
Increase (decrease) in operating liabilities:		
Distributions payable	48,251	(643)
Accounts payable	(2,962)	1,669
Accrued liabilities	(1,390)	1,390
	<u>86,646</u>	<u>12,025</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	<u>(3,274)</u>	<u>(2,082)</u>
	<u>(3,274)</u>	<u>(2,082)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,372	9,943
Cash and cash equivalents - beginning of the year	<u>34,708</u>	<u>24,765</u>
Cash and cash equivalents - end of the year	<u>\$ 118,080</u>	<u>\$ 34,708</u>
Supplemental disclosure of cash flow		
Cash paid during the year for interest	<u>\$ 466</u>	<u>\$ 1,152</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)

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, prepaids, 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, 2017, 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.

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.

An allowance for uncollectible receivables is established based on past collection experience and current economic conditions. 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.

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.

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, 2017 of \$6,000 include rent from a related party (Note 6).

Concentrations of Credit Risk

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

Accounts held at financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). As of June 30, 2017, 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.

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, 2017.

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, 2014. 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, 2017, advertising costs were \$1,068.

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, 2016, 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 19, 2018 and this is the date through which subsequent events were evaluated.

CARING CONNECTION
Notes to Financial Statements
June 30, 2017

2. Property and Equipment

As of June 30, 2017, 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		(12,821)
Net property and equipment	\$	<u>3,999</u>

Amounts under capital lease, which are included in furniture and office equipment, consist of the following as of June 30, 2017:

Copier	\$	12,635
Less: accumulated depreciation		(10,529)
	\$	<u>2,106</u>

Depreciation expense for the year ended June 30, 2017 amounted to \$3,790. 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, 2017 are as follows:

<u>Year Ending June 30,</u>		
2018	\$	3,108
2019		259
		<u>3,367</u>
Less: interest		(190)
Present value of future minimum lease payments		<u>3,177</u>
Less: current portion		(2,920)
Long-term portion	\$	<u>257</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, 2017, 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, 2017, the Organization received approximately 35% of its administrative fees from one campaign, the Combined Federal Campaign ("CFC"). Due to changes in the CFC campaign, the Organization will no longer receive the administrative fee from this campaign after June 30, 2017.

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 administrative and marketing services. For the year ended June 30, 2017, the Organization incurred \$5,375 for these services, of which \$129 was payable at June 30, 2017 and is included in accounts payable.

For the year ended June 30, 2017, the Organization recognized twelve months of in-kind rent for \$6,000 from the Company.

CARING CONNECTION
Supplemental Schedule of Distributions to Member Agencies - Cash Basis
For the Year Ended June 30, 2017

A Little Help	\$ 436
A Precious Child	572
Academy of Urban Learning	2,096
ACCESS Housing	2,025
ACS Community LIFT	655
Alternatives Pregnancy Center	14,860
American Council of the Blind	2,229
Art Reach	283
Arvada Community Food Bank	17,170
Aurora Interfaith Community Services	1,128
Aurora Mental Health Center	5,415
Bessie's Hope	6,734
Bienvenidos Food Bank	3,713
Camp ID-Ra-Ha-Je	167
Canine Partners of the Rockies	5,302
CASA of Jefferson & Gilpin Counties	175
Center for Trauma & Resilience	252
Clinica Colorado	1,728
Colorado Coalition Against Domestic Violence	6,776
Colorado Coalition Against Sexual Assault	1,788
Colorado Christian Services	5,957
Colorado Homeless Families	26,759
DDRC	5,633
Denver Indian Family Resource Center	874
Denver Indian Health & Family Services	2,091
Denver Rescue Mission	106,911
Denver Street School	1,165
Denver Voice, Inc.	1,346
Developmental FX	345
Disability Law CO	1,120
Douglas/Elbert Task Force	5,634
Excelsior Youth Center	2,951
Firefly Autism	2,358
Hope Communities	147

Continued

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, 2017**

I Love U Guys Foundation	\$ 930
Illuminate Colorado fka Colorado Alliance Drug	1,599
Inner City Health Center	32,732
Integrated Family Community Services	2,614
Laradon Hall	1,995
Legacy of Hope	2,227
Marion Downs Center	853
Mercy Housing	792
Metro Caring	12,913
National Sports Center for the Disabled	4,108
Open World Learning	1,070
People House	222
Ralston House	14,570
Rocky Mountain Cancer Assistance	3,154
Rocky Mountain MS Center	9,351
Sacred Heart House of Denver	5,282
Safehouse Denver	3,486
St. Vincent DePaul Society	3,027
Step 13, Inc.	4,763
The Action Center	31,560
Treasurer House of Hope	541
Wapiyapi	3,740
You Can Begin Again	3,228
Youth for Christ Denver	356
	<hr/>
	\$ 381,908

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