

CARING CONNECTION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2018



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, 2018, 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, 2018, 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 12-13 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates

Centennial, CO
February 11, 2019

CARING CONNECTION
Statement of Financial Position
As of June 30, 2018
(With Summarized Financial Information As of June 30, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 59,109	\$ 118,080
Campaign receivables, net	296,253	292,602
Other receivables	344	1,344
Prepaid expenses	2,298	684
Total current assets	<u>358,004</u>	<u>412,710</u>
Property and equipment, net	<u>631</u>	<u>3,999</u>
Total assets	<u>\$ 358,635</u>	<u>\$ 416,709</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Campaign distributions payable	\$ 302,270	\$ 343,583
Accounts payable	2,949	2,771
Deferred revenue	625	-
Capital lease obligation	-	3,177
Total current liabilities	<u>305,844</u>	<u>349,531</u>
Total liabilities	<u>305,844</u>	<u>349,531</u>
NET ASSETS		
Unrestricted	<u>52,791</u>	<u>67,178</u>
Total liabilities and net assets	<u>\$ 358,635</u>	<u>\$ 416,709</u>

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

CARING CONNECTION
Statement of Activities
For the Year Ended June 30, 2018
(With Summarized Financial Information For the Year Ended June 30, 2017)

	2018	2017
Public Support:		
Amounts raised on behalf of other organizations	\$ 482,635	\$ 507,448
Less: Amounts remitted and remittable to other organizations	(436,893)	(446,393)
Less: Amounts designated to Caring Connection	(8,069)	(12,608)
Administrative fees for raising amounts on behalf of others	37,673	48,447
Contributions	9,924	17,901
In-kind contributions	6,000	6,000
Total Public Support	<u>53,597</u>	<u>72,348</u>
Revenue:		
Membership dues	49,850	48,775
Other income	178	136
Total Revenue	<u>50,028</u>	<u>48,911</u>
Total Public Support and Revenue	<u>103,625</u>	<u>121,259</u>
Expenses:		
Program services -		
Federation partnership promotion	24,002	21,674
Member relations and advancement	22,156	23,559
Total program services	<u>46,158</u>	<u>45,233</u>
Supporting services -		
General and administrative	40,265	39,908
Fundraising	31,589	33,855
Total supporting services	<u>71,854</u>	<u>73,763</u>
Total Expenses	<u>118,012</u>	<u>118,996</u>
Change in net assets	(14,387)	2,263
Net assets, beginning of year	<u>67,178</u>	<u>64,915</u>
Net assets, end of year	<u>\$ 52,791</u>	<u>\$ 67,178</u>

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

CARING CONNECTION
Statement of Functional Expenses
For the Year Ended June 30, 2018
(With Summarized Financial Information For the Year Ended June 30, 2017)

	Program Services			Supporting Services			2017 Total
	Federation Partnership Promotion	Member Relations & Advancement	Total	General & Administration	Fundraising	Total	
Salaries	\$ 17,817	\$ 16,446	\$ 34,263	\$ 19,187	\$ 15,076	\$ 34,263	\$ 67,136
Payroll taxes	1,369	1,264	2,633	1,475	1,159	2,634	5,157
Employee benefits	334	309	643	360	283	643	1,196
Total payroll expenses	19,520	18,019	37,539	21,022	16,518	37,540	73,489
Professional fees	-	-	-	12,310	-	12,310	11,637
Contract services	298	275	573	321	252	573	1,146
Member outreach	114	106	220	123	97	220	4,009
Advertising and promotion	375	347	722	404	318	722	1,068
Office supplies and expense	221	204	425	238	187	425	641
Telephone	143	132	275	154	121	275	650
Postage and shipping	93	86	179	100	78	178	260
Insurance	537	495	1,032	578	454	1,032	2,005
Travel and meetings	11	10	21	12	10	22	30
Campaign expenses	-	-	-	-	11,279	11,279	13,124
IT related expenses	502	464	966	541	425	966	1,056
Printing	33	30	63	35	28	63	49
Miscellaneous	267	245	512	288	224	512	1,188
Loss on disposal	-	-	-	2,106	-	2,106	-
Depreciation	328	303	631	353	278	631	3,790
Contributed rent	1,560	1,440	3,000	1,680	1,320	3,000	6,000
	\$ 24,002	\$ 22,156	\$ 46,158	\$ 40,265	\$ 31,589	\$ 71,854	\$ 118,996

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

CARING CONNECTION
Statement of Cash Flows
For the Year Ended June 30, 2018
(With Summarized Financial Information For the Year Ended June 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (14,387)	\$ 2,263
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	1,262	3,790
Loss on asset disposal	2,106	-
(Increase) decrease in operating assets:		
Campaign receivables	(3,651)	37,975
Other receivables	1,000	(1,105)
Prepaid expenses	(1,614)	(176)
Increase (decrease) in operating liabilities:		
Distributions payable	(41,313)	48,251
Accounts payable	178	(2,962)
Accrued liabilities	-	(1,390)
Deferred revenue	625	-
Net cash provided by (used in) operating activities	<u>(55,794)</u>	<u>86,646</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	<u>(3,177)</u>	<u>(3,274)</u>
Net cash used in financing activities	<u>(3,177)</u>	<u>(3,274)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,971)	83,372
Cash and cash equivalents - beginning of the year	<u>118,080</u>	<u>34,708</u>
Cash and cash equivalents - end of the year	<u><u>\$ 59,109</u></u>	<u><u>\$ 118,080</u></u>
Supplemental disclosure of cash flow		
Cash paid during the year for interest	<u><u>\$ 190</u></u>	<u><u>\$ 466</u></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, 2018, 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. As of June 30, 2018, the allowance is \$23,898. 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, 2018 of \$6,000 include rent from a related party (Note 5).

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, 2018, 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, 2018.

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, 2018, advertising costs were \$1,444.

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, 2017, 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 February 11, 2019 and this is the date through which subsequent events were evaluated.

2. Property and Equipment

As of June 30, 2018, property and equipment consisted of the following:

Computer equipment	\$	399
Website		3,786
		<u>4,185</u>
Less: accumulated depreciation		(3,554)
Net property and equipment	\$	<u>631</u>

Depreciation expense for the year ended June 30, 2018 amounted to \$1,262.

3. Capital Lease Obligation

The Organization entered into a capital lease agreement for office equipment in April 2013 for a copier. The lease required monthly installments of \$259 for 63 months. The lease was secured by the copier. As of June 30, 2018, the lease was paid off in full and the copier returned to the lessor.

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, 2018, 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, the Combined Federal Campaign or certain private campaigns that do not allow administrative fees.

5. 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 services. For the year ended June 30, 2018, the Organization incurred \$4,554 for these services.

For the year ended June 30, 2018, 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, 2018

A Little Help	\$	2,190
A Precious Child		9,765
ACCESS Housing		2,130
ACS Community LIFT		537
Alternatives Pregnancy Center		16,341
Arupe Jesuit High School		601
Aurora Interfaith Community Services		2,219
Aurora Mental Health Center		5,140
Bessie's Hope		5,347
Bienvendidos Food Bank		5,668
Canine Partners of the Rockies		11,029
Christian World Outreach		29
Center for Trauma & Resilience		67
Colorado Coalition Against Domestic Violence		7,573
Colorado Coalition Against Sexual Assault		4,402
Colorado Christian Services		7,914
Colorado Homeless Families		22,286
Colorado Rapids Youth Soccer Club		202
Community Table FKA Arvada Community Food Bank		18,899
DDRC		6,548
Denver Area Youth for Christ		2,852
Denver Indian Health & Family Services		4,693
Denver Rescue Mission		136,174
Denver Street School		865
Denver Voice, Inc.		1,642
Developmental FX		79
Disability Law CO		1,281
Douglas/Elbert Task Force		9,929
Ear Community		51
Excelsior Youth Center		2,845
Firefly Autism		2,263

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, 2018**

I Love U Guys Foundation	\$ 515
Illuminate Colorado fka Colorado Alliance Drug	539
Inner City Heath Center	27,460
Integrated Family Community Services	621
Laradon Hall	2,429
Legacy of Hope	2,393
Marion Downs Center	591
Mercy Housing	838
Metro Caring	9,587
Mile High Ministries	408
National Sports Center for the Disabled	5,751
Open World Learning	421
People House	61
Providence Network	147
Ralston House	16,203
Rocky Mountain Cancer Assistance	4,266
Rocky Mountain MS Center	8,448
Sacred Heart House of Denver	11,743
Safehouse Denver	7,161
St. Vincent DePaul Society	2,641
Step Denver FKA Step 13, Inc.	4,874
The Action Center	30,775
Third Way Center	466
Treasurer House of Hope	860
Wapiyapi	18,082
You Can Begin Again	147
	<hr/>
	\$ 448,988

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

