

COMMUNITY SHARES OF COLORADO, INC.

Financial Statements

June 30, 2018

(Together with Independent Auditors' Report)



CommunityShares

WIPFLi^{LLP}
CPAs and Consultants

COMMUNITY SHARES OF COLORADO, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Shares of Colorado, Inc.
Denver, Colorado

We have audited the accompanying financial statements of Community Shares of Colorado, Inc. (a nonprofit 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; 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.

Auditors' 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. 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 Community Shares of Colorado, Inc., 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.

Report on Summarized Comparative Information

Community Shares of Colorado, Inc.'s 2017 financial statements were audited by Bauerle and Company, P.C, who merged with Wipfli LLP as of February 1, 2018, and whose report dated November 8, 2017, expressed an unmodified opinion on those audited financial statements. 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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

November 30, 2018

COMMUNITY SHARES OF COLORADO, INC.

Statements of Financial Position June 30, 2018 (With Summarized Totals for June 30, 2017)

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash and cash equivalents		\$ 893,151	\$ 630,101
Campaigns receivable, less shrinkage allowances of \$238,121 and \$217,733, respectively		1,468,132	1,437,190
Grants and contributions receivable		10,731	15,580
Other receivables		65,953	35,747
Prepays		8,971	7,729
Property and equipment, net		<u>2,317</u>	<u>4,463</u>
Total Assets		<u>\$ 2,449,255</u>	<u>\$ 2,130,810</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Liabilities</u>			
Distributions payable		\$ 2,121,670	\$ 1,798,924
Deferred revenues		68,636	44,703
Other payables and accrued liabilities		<u>32,096</u>	<u>43,493</u>
Total Liabilities		<u>2,222,402</u>	<u>1,887,120</u>
<u>Net Assets</u>			
Unrestricted		216,122	228,110
Temporarily restricted		<u>10,731</u>	<u>15,580</u>
Total Net Assets		<u>226,853</u>	<u>243,690</u>
Total Liabilities and Net Assets		<u>\$ 2,449,255</u>	<u>\$ 2,130,810</u>

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

COMMUNITY SHARES OF COLORADO, INC.

Statements of Activities Year Ended June 30, 2018 (With Summarized Totals for the Year Ended June 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	
<u>Public Support</u>				
Amounts raised on behalf of other organizations	\$ 3,927,507	\$ -	\$ 3,927,507	\$ 3,530,310
Less:				
Amounts remitted and remittable to other organizations	(3,269,179)	-	(3,269,179)	(2,903,549)
Amounts designated to Community Shares	(45,390)	-	(45,390)	(49,867)
Shrinkage expense	(266,488)	-	(266,488)	(197,427)
Campaign expenses deducted by other agencies	(96,621)	-	(96,621)	(89,611)
Campaign administrative fees for raising amounts on behalf of others	249,829	-	249,829	289,856
Contributions	122,980	10,731	133,711	111,809
Special event revenues	45,044	-	45,044	66,798
Less: Costs of direct benefit to donors	(20,872)	-	(20,872)	(22,683)
Net Public Support	<u>396,981</u>	<u>10,731</u>	<u>407,712</u>	<u>445,780</u>
<u>Revenue</u>				
Memberships	92,014	-	92,014	91,519
Campaign and fiscal management services	191,781	-	191,781	173,402
Interest income	400	-	400	363
In-kind contributions	10,082	-	10,082	16,319
Other income	7,788	-	7,788	7,056
Total Revenue	<u>302,065</u>	<u>-</u>	<u>302,065</u>	<u>288,659</u>
Net Assets Released from Restrictions	<u>15,580</u>	<u>(15,580)</u>	<u>-</u>	<u>-</u>
Net Public Support and Revenue	<u>714,626</u>	<u>(4,849)</u>	<u>709,777</u>	<u>734,439</u>
<u>Expenses</u>				
Program Services:				
Building Community	87,931	-	87,931	90,900
Distribution	109,203	-	109,203	107,756
Non-Profit Sustainability	84,756	-	84,756	77,126
Colorado Combined Campaign	165,355	-	165,355	165,631
Total Program Services	<u>447,245</u>	<u>-</u>	<u>447,245</u>	<u>441,413</u>
Supporting Services:				
Management and general	122,592	-	122,592	106,400
Fundraising	156,777	-	156,777	132,549
Total Supporting Services	<u>279,369</u>	<u>-</u>	<u>279,369</u>	<u>238,949</u>
Total Expenses	<u>726,614</u>	<u>-</u>	<u>726,614</u>	<u>680,362</u>
Change in Net Assets	(11,988)	(4,849)	(16,837)	54,077
NET ASSETS, Beginning of Year	228,110	15,580	243,690	230,766
Fiscal Sponsorship transfers	-	-	-	(41,153)
NET ASSETS, End of Year	<u>\$ 216,122</u>	<u>\$ 10,731</u>	<u>\$ 226,853</u>	<u>\$ 243,690</u>

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

COMMUNITY SHARES OF COLORADO, INC.

**Statements of Functional Expenses
Year Ended June 30, 2018
(With Summarized Totals for the Year Ended June 30, 2017)**

	Program Services					Supporting Services			Total Year Ended June 30, 2018	Total Year Ended June 30, 2017
	Building Community	Distribution	Non-Profit Sustainability	Colorado Combined Campaign	Total Program	Management and General	Fund- Raising	Total		
Salaries and benefits:										
Salaries	\$ 57,011	\$ 75,189	\$ 56,549	\$ 107,090	\$ 295,839	\$ 54,709	\$ 91,525	\$ 146,234	\$ 442,073	\$ 405,614
Employee benefits	7,675	6,224	7,174	14,329	35,402	13,187	9,785	22,972	58,374	42,675
Payroll taxes	4,234	5,570	4,227	7,984	22,015	4,107	6,932	11,039	33,054	31,969
Total	68,920	86,983	67,950	129,403	353,256	72,003	108,242	180,245	533,501	480,258
Other Expenses:										
Rent	3,992	3,193	3,725	7,448	18,358	3,193	5,056	8,249	26,607	28,042
Contract services	548	11,496	5,761	1,022	18,827	438	4,327	4,765	23,592	25,371
Campaign expenses	427	1,707	-	2,292	4,426	-	18,512	18,512	22,938	13,677
Bank and processing charges	-	-	-	-	-	20,099	1,103	21,202	21,202	16,342
Professional services	-	-	-	-	-	13,175	-	13,175	13,175	21,671
Printing	660	121	241	10,769	11,791	171	1,201	1,372	13,163	18,145
In-kind	5,041	-	-	-	5,041	-	5,041	5,041	10,082	14,388
Dues and subscriptions	1,102	881	1,028	2,071	5,082	866	1,395	2,261	7,343	6,581
Supplies	748	599	699	1,567	3,613	2,594	948	3,542	7,155	7,881
Meetings	924	448	602	1,388	3,362	1,212	2,290	3,502	6,864	6,788
Travel	1,356	574	1,026	1,650	4,606	535	1,709	2,244	6,850	4,403
Office equipment	933	739	871	1,742	4,285	758	1,201	1,959	6,244	6,455
Technical services	775	620	724	1,587	3,706	816	984	1,800	5,506	9,985
Postage	695	573	648	1,453	3,369	556	1,183	1,739	5,108	5,174
Staff development	473	378	442	883	2,176	2,014	600	2,614	4,790	4,070
Insurance	465	372	434	870	2,141	372	590	962	3,103	3,100
Program development	-	-	-	-	-	1,125	1,574	2,699	2,699	-
Telephone	363	291	339	678	1,671	291	460	751	2,422	2,422
Promotion	509	228	266	532	1,535	228	361	589	2,124	2,325
	87,931	109,203	84,756	165,355	447,245	120,446	156,777	277,223	724,468	677,078
Depreciation and amortization	-	-	-	-	-	2,146	-	2,146	2,146	3,284
Total Expenses	\$ 87,931	\$ 109,203	\$ 84,756	\$ 165,355	\$ 447,245	\$ 122,592	\$ 156,777	\$ 279,369	\$ 726,614	\$ 680,362

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

COMMUNITY SHARES OF COLORADO, INC.

Statements of Cash Flows Year Ended June 30, 2018 (With Summarized Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (16,837)	\$ 54,077
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,146	3,284
Fiscal sponsorship transfers	-	(41,153)
(Increase) decrease in:		
Campaigns receivable	(30,942)	(111,659)
Grants and contributions receivable	4,849	16,760
Other receivables	(30,206)	8,432
Prepays	(1,242)	495
Increase (decrease) in:		
Distributions payable	322,746	3,255
Deferred revenues	23,933	(873)
Other payables and accrued liabilities	(11,397)	8,479
Net Cash Provided by (Used in) Operating Activities	<u>263,050</u>	<u>(58,903)</u>
<u>Cash Flows From Investing Activities</u>		
Purchases of property and equipment	-	(5,359)
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>(5,359)</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	263,050	(64,262)
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>630,101</u>	<u>694,363</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>\$ 893,151</u>	<u>\$ 630,101</u>

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

COMMUNITY SHARES OF COLORADO, INC.

Notes to Financial Statements

June 30, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies

Nature of the Organization

Community Shares of Colorado, Inc., (the "Organization"), was incorporated in Colorado on February 5, 1986 as a nonprofit corporation. The Organization was established for the purpose of promoting informed participation in community giving to benefit the people of Colorado through member nonprofit agencies. The Organization is supported primarily through public support, membership dues, designated workplace contributions, and campaign management fees. The Organization operates the following programs:

- ***Community Giving Campaign:*** The Community Giving Campaign is the Organization's primary program and is dedicated to raising funds for nonprofit organizations via workplace giving campaigns. The Organization partners with businesses who invite employees to give either a cash gift or donation from each paycheck. The Community Giving Campaign includes partnering with businesses to plan and implement giving campaigns, offering the option of making paycheck contributions or cash gifts to individual employees, and identifying potential new workplace partners.
- ***Distributions:*** The calculation and disbursement of workplace contributions to nonprofit organizations, along with the distribution of campaign reports to nonprofit organizations.
- ***Building Community:*** The Building Community Program leverages the Organization's relationships with charities, donors, and businesses to increase community participation, education, volunteerism, and philanthropy across the state.

Community education includes speaking to civic and other groups about the importance of philanthropy, nonprofit leadership and volunteer opportunities, and referrals to nonprofit agencies providing direct services available in Colorado.

- ***Non-Profit Sustainability:*** The Non-profit Sustainability Program efficiently delivers leadership support to the nonprofit sector, with an emphasis on the sustainability of our member agencies. Services include technical assistance, professional development, leadership training, and network building.
- ***Colorado Combined Campaign:*** Effective January 1, 2014, the Organization began administering The Colorado Combined Campaign ("CCC"). CCC was authorized in June 1988 by Executive Order No. 86, *Establishment of the Colorado State Employee Advisory Committee on Charitable Giving*, to conduct an annual solicitation of State of Colorado employees, which is known as the Colorado Combined Campaign. The Organization serves as the principal combined fundraising manager for CCC and, by contract, collects all public support and charges CCC for campaign and administrative expenses.

COMMUNITY SHARES OF COLORADO, INC.

Notes to Financial Statements

June 30, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

Basis of Presentation

The balances and activities of the Organization have been segregated into classes according to the nature of the activity and the related restrictions imposed by the funding sources as follows:

- Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions. However, the Board of Directors may choose to designate such funds for particular uses.
- Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time.
- Permanently Restricted Net Assets: Net assets that are subject to donor-imposed restrictions that the Organization maintains permanently. There were no permanently restricted net assets at June 30, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the shrinkage allowance for campaign receivables is based on estimates that are susceptible to changes in the economic environment. It is possible that a change in the allowance estimate could occur in the near term and the effect of the change could be material to the accompanying financial statements, though the effect is mitigated by the offsetting distributions payable.

Income Taxes

The Organization is a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation under Section 509(a) of the Code. As such, donors are entitled to a charitable deduction for their contributions to the Organization. Accordingly, the accompanying financial statements do not include a provision for income taxes.

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2018 and 2017.

COMMUNITY SHARES OF COLORADO, INC.

Notes to Financial Statements

June 30, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash, cash equivalents, and campaigns receivable. The Organization places its temporary cash investments with high quality financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The balances in these accounts may, at times, exceed the FDIC insured limit during the year. Credit risk with respect to the campaigns receivable is limited due to the number and credit worthiness of the entities that comprise the outstanding balance.

Fair Value of Financial Instruments

The carrying amounts of cash, receivables, and other short-term assets and liabilities approximate fair value because of the near-term maturity of those instruments.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Campaigns Receivable

Campaigns receivable are unconditional and recognized as revenues in the period the pledges are received. An allowance for uncollectible receivables is established based on past collection experience and current economic conditions.

Amounts Raised on Behalf of Other Organizations

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

Cash received from work-place campaigns, net of an administrative fee, is distributed to members in the ratio of member-designated pledges (based on donor designations) to total designated pledges.

Custodial Funds

The Organization administers the Colorado Combined Campaign (CCC). The CCC operates on a calendar year basis. Pledged CCC contributions totaling \$938,644 and \$976,814, and custodial distributions of \$774,095 and \$803,306, for the years ended December 31, 2017 and 2016, respectively, are not reflected in the accompanying financial statements as the net assets do not belong to the Organization. The books and records of the CCC are audited annually on a calendar year basis by an independent accountant.

Per the campaign management contract, the Organization generally withholds about 15% of pledges collected to cover costs associated with administering the CCC. These amounts are included in campaign and fiscal manager services on the accompanying statements of activities.

Deferred Revenue

Revenue from membership dues and other income are recorded in the period earned.

COMMUNITY SHARES OF COLORADO, INC.

Notes to Financial Statements

June 30, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation, if contributed. All assets with a useful life of more than 1 year and a cost of more than \$1,000 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is calculated on a straight-line basis over the estimated three to five year useful life of the asset.

Contributions

Contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. 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 statements of activities as net assets released from restrictions. Restrictions met in the same reporting period in which the related contributions are received are recorded as unrestricted support.

Donated Services and Goods

The Organization periodically receives contributions in a form other than cash. Donated services that create or enhance nonfinancial assets, or that require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization recognizes contributed television and radio airtime as contributions at their estimated fair value, which it determines based upon the day, time, and market in which the public service announcements are broadcast or published. During the years ended June 30, 2018 and 2017, \$10,082 and \$16,319, respectively, were recorded for these contributions.

Functional Allocation of Expenses

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

Summarized Financial Information

The financial statements include certain prior period summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States. 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

COMMUNITY SHARES OF COLORADO, INC.

Notes to Financial Statements

June 30, 2018 and 2017

1. Organization and Summary of Significant Accounting Policies (continued)

Subsequent Events

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 November 30, 2018, and this is the date through which subsequent events were evaluated.

Partnership for Colorado

The Partnership for Colorado (PFC) is a nonprofit coalition of three local giving federations working together to efficiently offer increased charitable choice to employee giving campaigns. The members of the PFC include Caring Connection, Community Health Charities of Colorado, and Community Shares of Colorado, Inc. Community Shares of Colorado is the fiscal services provider for Partnership for Colorado. Community Shares of Colorado receives all funds from PFC giving campaigns and distributes to the other two federations per employee designation without retaining any management fees on those funds.

Fiscal Sponsorship

The Organization served as the fiscal agent for the Denver Young Nonprofit Professionals (YNNP) through December 1, 2016. Net revenues and expenses included on the statements of activities related to this fiscal sponsorship activity totaled \$13,492 and \$44,954, respectively, for the year ended June 30, 2017. YNNP transferred its fiscal sponsorship activities to another entity after December 1, 2016. Amounts transferred to the new fiscal sponsor totaled \$41,153, and are included as a reduction in unrestricted net assets on the accompanying statements of activities.

New Accounting Pronouncements

In August 2016, the FASB issue ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. This ASU is meant to eliminate diversity in practice and increase comparability among not-for-profit entities. The FASB believes that certain requirements of the ASU will increase transparency around a not-for-profit's available financial resources and flexibility. This ASU is effective for fiscal years beginning after December 15, 2017; however, early adoption of this ASU is permitted. Management is currently evaluating the potential impact of this ASU on the Organization's financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605 Revenue Recognition, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using either a full or modified retrospective method. ASU No. 2014-09 is effective for nonpublic companies for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of the provisions of ASC 606 on its financial statements.

COMMUNITY SHARES OF COLORADO, INC.**Notes to Financial Statements**

June 30, 2018 and 2017

2. Campaigns Receivable and Distributions Payable

Campaign pledges made by workplace giving are all due in less than one year. The following is a summary of campaigns receivable and payable at June 30, 2018 and 2017:

<u>June 30, 2018</u>	CSC Member Agency Campaigns	Partnership for Colorado Campaigns	<u>Total</u>
Amounts due in:			
Less than one year	\$ 698,322	\$ 1,007,931	\$ 1,706,253
Less: Shrinkage allowance	<u>72,667</u>	<u>165,454</u>	<u>238,121</u>
	<u>\$ 625,655</u>	<u>\$ 842,477</u>	<u>\$ 1,468,132</u>
 Distributions payable for campaigns	 <u>\$ 860,382</u>	 <u>\$ 1,261,288</u>	 <u>\$ 2,121,670</u>
 <u>June 30, 2017</u>	 CSC Member Agency Campaigns	 Partnership for Colorado Campaigns	 <u>Total</u>
Amounts due in:			
Less than one year	\$ 720,438	\$ 934,485	\$ 1,654,923
Less: Shrinkage allowance	<u>74,236</u>	<u>143,497</u>	<u>217,733</u>
	<u>\$ 646,202</u>	<u>\$ 790,988</u>	<u>\$ 1,437,190</u>
 Distributions payable for campaigns	 <u>\$ 691,997</u>	 <u>\$ 1,106,927</u>	 <u>\$ 1,798,924</u>

3. Property and Equipment

Property and equipment consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Computer equipment and software	\$ 16,937	\$ 16,937
Office equipment	<u>7,460</u>	<u>7,460</u>
	24,397	24,397
Less: Accumulated depreciation	<u>22,080</u>	<u>19,934</u>
Net property and equipment	<u>\$ 2,317</u>	<u>\$ 4,463</u>

4. Line of Credit

The Organization has a line of credit with Citywide Banks for borrowings up to \$25,000 at an interest rate of 5.25%. As of June 30, 2018 and 2017, the Organization had not used the line of credit. The line of credit is secured by essentially all the assets of the Organization.

COMMUNITY SHARES OF COLORADO, INC.

Notes to Financial Statements

June 30, 2018 and 2017

5. Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Grants and contributions receivable	<u>\$ 10,731</u>	<u>\$ 15,580</u>

Net assets totaling \$15,580 and \$32,340 were released from restrictions during the years ended June 30, 2018 and 2017, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purpose.

6. Campaign Administrative Fee

The Organization charges an administrative fee on most campaigns in order to support its operations. During the years ended June 30, 2018 and 2017, the fee charged by the Organization was 15% of contributions. The Organization does not charge administrative fees on gifts made to the federation participants in the Partnership for Colorado and certain private campaigns that do not permit administrative fees. As a result, the actual percentage of the administration fees charged gross campaigns is less than 15%.

7. Campaign and Fiscal Management Services

Effective January 1, 2014, the Organization was appointed as the principal combined fundraising manager for the Colorado Combined Campaign (“CCC”) and, by contract, collects all public support and charges CCC for campaign and administrative expenses.

In some cases, the Organization is paid a contract fee to manage private giving campaigns. The Organization also contracts with other nonprofit organizations to provide fiscal management and accountability services.

COMMUNITY SHARES OF COLORADO, INC.
Notes to Financial Statements
June 30, 2018 and 2017

8. Lease Commitments

The Organization has entered into a sublease agreement for its office facilities that expires in June 2023. The agreement provides for rent holidays throughout the life of the lease. During the years ended June 30, 2018 and 2017, the Organization has recorded a liability of \$8,439 and \$6,534, respectively, for deferred rent in order to recognize rent expense evenly over the lease term. Additionally, the Organization leases office equipment under a four year operating lease. Approximate future minimum lease payments under these operating leases are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 28,400
2020	27,600
2021	26,800
2022	27,300
2023	<u>27,800</u>
Total	<u>\$ 137,900</u>

Total rent expense for the years ended June 30, 2018 and 2017, was \$26,607 and \$28,042, respectively.

9. Retirement Plan

The Organization sponsors a tax-deferred employee retirement plan under the provisions of Internal Revenue Code Section 403(b). Participation is voluntary. The Plan allows for employee contributions, along with a discretionary employer match. For the years ended June 30, 2018 and 2017, the employer match was \$7,183 and \$2,304, respectively.