

**CARE AND SHARE, INC.**

**Financial Statements**

**For the Year Ended June 30, 2014**

**And**

**Independent Auditors' Report**

# CARE AND SHARE, INC.

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Care and Share, Inc.

We have audited the accompanying financial statements of Care and Share, Inc. (the Organization), which comprise the balance sheet as of June 30, 2014, 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.

### 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 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 Care and Share, Inc. as of June 30, 2014 and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

## **Report on Summarized Comparative Information**

We have previously audited Care and Share, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stockman Kast Ryan & Co., LLP*

September 24, 2014

# CARE AND SHARE, INC.

## BALANCE SHEET

JUNE 30, 2014 (with comparative totals for 2013)

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	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,136,431	\$ 852,070
Accounts and grants receivable	432,326	324,952
Pledges receivable	112,291	135,511
Inventories	1,598,084	2,204,009
Prepaid expenses	<u>33,996</u>	<u>27,734</u>
Total current assets	3,313,128	3,544,276
PROPERTY AND EQUIPMENT, NET	8,807,197	8,990,151
OTHER ASSETS	<u>97,369</u>	<u>103,064</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 12,217,694</b></u>	<u><b>\$ 12,637,491</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 209,763	\$ 220,493
Accrued expenses	173,930	274,243
Current portion of long-term debt	<u>114,039</u>	<u>109,793</u>
Total current liabilities	497,732	604,529
LONG-TERM DEBT	<u>2,587,498</u>	<u>2,701,657</u>
Total liabilities	<u>3,085,230</u>	<u>3,306,186</u>
<b>NET ASSETS</b>		
Unrestricted:		
Board designated	734,780	533,513
Donated food	1,434,472	1,700,363
Equity in property and equipment	6,105,660	6,178,701
Undesignated	<u>667,567</u>	<u>263,281</u>
Total unrestricted	8,942,479	8,675,858
Temporarily restricted	<u>189,985</u>	<u>655,447</u>
Total net assets	<u>9,132,464</u>	<u>9,331,305</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 12,217,694</b></u>	<u><b>\$ 12,637,491</b></u>

See notes to financial statements.

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## CARE AND SHARE, INC.

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)

	2014							2013 Total
	Unrestricted			Temporarily Restricted			Total	
	Operating	Donated Food	Total	Fire Relief	Other	Total		
<b>REVENUES AND SUPPORT</b>								
Contributions and grants	\$ 4,573,778	\$ 26,605,873	\$ 31,179,651	\$ 442,348		\$ 442,348	\$ 31,621,999	\$ 29,387,254
Operations income	1,371,951		1,371,951				1,371,951	1,366,554
Investment income	1,545		1,545				1,545	2,181
Net assets released from restrictions:	360,330	547,480	907,810	(771,724)	\$ (136,086)	(907,810)		
<b>Total revenues and support</b>	<b>6,307,604</b>	<b>27,153,353</b>	<b>33,460,957</b>	<b>(329,376)</b>	<b>(136,086)</b>	<b>(465,462)</b>	<b>32,995,495</b>	<b>30,755,989</b>
<b>EXPENSES</b>								
Program services:								
Warehousing and distribution of food	4,223,599	27,419,244	31,642,843				31,642,843	30,244,145
Support services:								
Development	902,314		902,314				902,314	873,532
General and administrative	649,179		649,179				649,179	761,603
<b>Total expenses</b>	<b>5,775,092</b>	<b>27,419,244</b>	<b>33,194,336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,194,336</b>	<b>31,879,280</b>
<b>CHANGE IN NET ASSETS</b>	<b>532,512</b>	<b>(265,891)</b>	<b>266,621</b>	<b>(329,376)</b>	<b>(136,086)</b>	<b>(465,462)</b>	<b>(198,841)</b>	<b>(1,123,291)</b>
NET ASSETS, Beginning of year	6,975,495	1,700,363	8,675,858	519,361	136,086	655,447	9,331,305	10,454,596
<b>NET ASSETS, End of year</b>	<b>\$ 7,508,007</b>	<b>\$ 1,434,472</b>	<b>\$ 8,942,479</b>	<b>\$ 189,985</b>	<b>\$ -</b>	<b>\$ 189,985</b>	<b>\$ 9,132,464</b>	<b>\$ 9,331,305</b>

See notes to financial statements.

## CARE AND SHARE, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)

	2014			2013 Total
	Program	Development	General and Admin- istrative	
EXPENSES				
Donated distributions	\$ 27,419,244			\$ 27,419,244
Salaries and related	1,152,658	\$ 326,224	\$ 387,602	1,866,484
Food purchase program	1,642,410			1,642,410
Donated food acquisition	448,496			448,496
Depreciation and amortization	368,284	16,012	16,012	400,308
Transportation	259,749		378	260,127
Printing	2,794	227,496	620	230,910
Occupancy	26,369	48,877	72,456	147,702
Equipment rent and maintenance	82,807	18,223	17,336	118,366
Postage	9,344	99,402	4,674	113,420
Interest expense	53,393	2,179	53,392	108,964
Advertising and promotions	3,988	102,811		106,799
Supplies	50,309	1,232	11,714	63,255
Insurance	36,596	4,574	4,574	45,744
Field expense	34,450	2,557	3,864	40,871
Professional fees	14,607	1,725	23,454	39,786
Organizational expenses	4,276	6,487	19,941	30,704
Telephone	10,104	10,104	10,104	30,312
Professional development	4,235	3,481	13,860	21,576
Food bank fees	13,763			13,763
Miscellaneous	4,967	30,930	9,198	45,095
TOTAL – 2014	<u>\$ 31,642,843</u>	<u>\$ 902,314</u>	<u>\$ 649,179</u>	<u>\$ 33,194,336</u>
PERCENT OF TOTAL – 2014	<u>95%</u>	<u>3%</u>	<u>2%</u>	<u>100%</u>
TOTAL – 2013	<u>\$ 30,244,145</u>	<u>\$ 873,532</u>	<u>\$ 761,603</u>	<u>\$ 31,879,280</u>
PERCENT OF TOTAL – 2013	<u>95%</u>	<u>3%</u>	<u>2%</u>	<u>100%</u>

See notes to financial statements.

## CARE AND SHARE, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014 (with comparative totals for 2013)

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	2014	2013
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (198,841)	\$ (1,123,291)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	400,308	399,151
Changes in operating assets and liabilities:		
Accounts and grants receivable	(107,374)	110,877
Pledges receivable	23,220	(16,656)
Inventories	605,925	340,041
Prepaid expenses	(567)	9,239
Accounts payable and accrued expenses	<u>(111,043)</u>	<u>195,893</u>
Net cash provided by (used in) operating activities	<u>611,628</u>	<u>(84,746)</u>
<b>INVESTING ACTIVITIES</b>		
Net cash used in investing activities —		
Purchases of property and equipment	<u>(217,354)</u>	<u>(153,477)</u>
<b>FINANCING ACTIVITIES</b>		
Net cash used in financing activities —		
Principal payments on long-term debt	<u>(109,913)</u>	<u>(105,658)</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	284,361	(343,881)
<b>CASH AND EQUIVALENTS, Beginning of year</b>	<u>852,070</u>	<u>1,195,951</u>
<b>CASH AND EQUIVALENTS, End of year</b>	<u>\$ 1,136,431</u>	<u>\$ 852,070</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 108,964</u>	<u>\$ 114,003</u>

See notes to financial statements.

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# CARE AND SHARE, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Care and Share, Inc. (the Organization) provides resources to feed people in need. As a regional food bank, the Organization acts as a clearing house for food donated from national and local manufacturers, regional growers and distributors, the local food industry, and the community at large. During each of the years ended June 30, 2014 and 2013, the Organization served approximately 400 non-profit feeding programs throughout the Organization's thirty-one county service area in southern Colorado.

**Basis of Presentation** — The accompanying financial statements include certain prior-year summarized comparative information in total. 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, 2013, from which the summarized information was derived.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

**Cash and Cash Equivalents** — For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable** — Accounts receivable relate to amounts due for various services. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. At June 30, 2014 and 2013, no allowances had been recorded on accounts receivable.

**Pledges Receivable** — Unconditional promises to give are recognized as support and assets in the period received. Pledges receivable are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Management provides for probable uncollectible amounts through an allowance for uncollectible promises to give based on an assessment of the current status of individual receivables. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Inventories** — Inventories consist primarily of donated food products valued at their estimated wholesale value of \$1.69 and \$1.66 per pound as of June 30, 2014 and 2013, respectively.

**Property and Equipment** — Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which is estimated to be thirty-nine years for buildings and five to ten years for furnishings and equipment.

The Organization's general policy is to capitalize acquisitions of property and equipment costing in excess of \$1,000 and having a useful life exceeding one year.

**Contributions** — Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support 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. Contributions restricted specifically for disaster relief efforts are recorded as restricted even if the restriction is met in the same year. 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 donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized in future years and is reported as contribution revenue.

**Contributions for Others** — The Organization receives a significant amount of donated food that is designated for others. This food is received for and distributed to schools and counties in Southern Colorado. As the Organization does not have any variance power over these donated items, they have not been recorded in the Organization's financial statements.

**Allocation of Functional Expenses** — The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Marketing and Advertising** — The Organization expenses marketing and advertising costs as they are incurred.

**Income Taxes** — The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction.

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements. The Organization's income tax returns for 2010 through the current period remain open to examination by the Internal Revenue Service and relevant state authorities.

**Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Reclassifications** — Certain prior year amounts have been reclassified to conform with the current year presentation.

**Subsequent Events** — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. PLEDGES RECEIVABLE

Unconditional promises to give are as follows at June 30:

	<b>2014</b>	<b>2013</b>
Due in less than one year	\$ 129,191	\$ 140,307
Allowance for uncollectable amounts	<u>(16,900)</u>	<u>(4,796)</u>
Total	<u>\$ 112,291</u>	<u>\$ 135,511</u>

## 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<b>2014</b>	<b>2013</b>
Land and buildings	\$ 9,233,203	\$ 9,232,920
Furnishings and equipment	<u>2,095,881</u>	<u>1,908,521</u>
Total	11,329,084	11,141,441
Less accumulated depreciation	<u>2,521,887</u>	<u>2,151,290</u>
Total property and equipment	<u>\$ 8,807,197</u>	<u>\$ 8,990,151</u>

#### 4. BOARD DESIGNATED UNRESTRICTED NET ASSETS

It is the policy of the Board of Directors of the Organization to review its plans for future needs and to designate appropriate sums to assure adequate financing for the needs identified. Amounts designated by the Board of Directors for specific future needs are treated as board designated unrestricted net assets. The balance can be transferred to the undesignated portion of unrestricted net assets at the Board's discretion. Designated board reserves were \$734,780 and \$533,513 as of June 30, 2014 and 2013, respectively.

#### 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	2014	2013
Purpose restrictions	<u>\$ 189,985</u>	<u>\$ 655,447</u>

During the year ended June 30, 2012, there was a large wild fire that entered Colorado Springs and destroyed approximately 350 homes. This fire was still active at June 30, 2012. During the year ended June 30, 2013, the activities as a result of the fire that was active at June 30, 2012 continued to impact the Organization. Additionally in June 2013 northern Colorado Springs experienced another large fire that destroyed over 500 homes in the Black Forest area. In response to both of these fires, the Colorado Springs community contributed \$2,382,840 in donated food and other in-kind items and \$788,832 in cash to the Organization for the fire relief efforts during the year ended June 30, 2013. The organization received an additional \$261,252 in donated food and other in-kind items and \$181,096 in cash for the fire relief efforts for the year ended June 30, 2014. The Organization made distributions in cash and food, from contributions received for fire relief efforts that totaled \$771,724 and \$4,107,657 during the years ended June 30, 2014 and 2013, respectively. Restricted net assets include the remaining balance restricted for fire efforts which totaled \$189,985 and \$519,361 at June 30, 2014 and 2013, respectively.

#### 6. DONATED PRODUCTS AND SERVICES

The solicitation, receipt, storage and distribution of donated food products constitute the Organization's principal operating activity. The value of unrestricted donated food products received and distributed during the year ended June 30, 2014 was \$26,605,873 and \$27,419,244, respectively. The value of donated food products received and distributed during the year ended June 30, 2013 was \$22,259,998 and \$24,938,630, respectively.

For the years ended June 30, 2014 and 2013, the Organization recorded other donated goods and services totaling \$28,211 and \$119,057, respectively, all of which was expensed.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 35,035 and 30,698 volunteer hours during fiscal years ended June 30, 2014 and 2013, respectively, with an estimated value of \$879,379 and \$679,654, respectively. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

## 7. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	2014	2013
Development Revenue Bond issued by El Paso County, Colorado Housing Authority bearing interest at 3.80% and matures on August 31, 2031, secured by a deed of trust on the land and buildings located in Colorado Springs and Pueblo.	\$ 2,701,537	\$ 2,811,450
Less current portion	<u>114,039</u>	<u>109,793</u>
Long-term portion	<u>\$ 2,587,498</u>	<u>\$ 2,701,657</u>

Required annual minimum principal payments on the Bond are as follows:

2015	\$ 114,039
2016	118,448
2017	123,029
2018	127,786
2019	132,728
Thereafter	<u>2,085,507</u>
Total	<u>\$ 2,701,537</u>

## 8. OPERATING LEASES

The Organization leases office equipment under the terms of a non-cancellable operating lease, expiring in fiscal year 2017.

Future minimum annual lease payments are as follows:

2015	\$ 8,829
2016	8,829
2017	8,271
2018	4,713
2019	<u>4,321</u>
Total	<u>\$ 34,963</u>

Rent expense totaled \$85,028 and \$112,740 for the years ended June 30, 2014 and 2013, respectively.

## 9. CONCENTRATIONS

The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2014, the Organization's bank accounts exceeded FDIC limits by \$840,303.

The Organization is the designated Feeding America Food Bank of Southern Colorado. Feeding America is a national food bank. The Organization receives approximately one-half of its donated food through Feeding America.

**10. TAX-DEFERRED ANNUITY PLAN**

The Organization offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code, covering full-time employees of the Organization. Employees may make contributions to the Plan up to the maximum amount allowed by the Code. The Organization did not contribute to the Plan during the years ended June 30, 2014 and 2013.

**11. RELATED PARTY TRANSACTIONS**

The Organization has its insurance coverage through a Company of which a board member is president of the Company.