

THE BLUE BENCH
Financial Statements
December 31, 2015

(Together with Independent Auditors' Report)



the blue bench
Formerly known as RAAP

Putting an end to sexual assault through prevention and care.

THE BLUE BENCH
Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Blue Bench
Denver, Colorado

We have audited the accompanying financial statements of The Blue Bench (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, 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 of 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.

To the Board of Directors
The Blue Bench

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Blue Bench as of December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited The Blue Bench's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bauerle and Company, P.C.
Denver, Colorado

May 10, 2016

THE BLUE BENCH

Statement of Financial Position December 31, 2015 (With Summarized Totals for December 31, 2014)

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 22,118	\$ 810,498
Beneficial interest in assets held by the Rose Community Foundation	695,821	-
Contributions and grants receivable	72,627	41,359
Government contracts receivable	68,781	59,302
Prepaid expenses	17,286	17,757
Rent deposits	9,928	9,928
Net property and equipment	20,797	27,719
Total Assets	<u>\$ 907,358</u>	<u>\$ 966,563</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<u>Liabilities</u>		
Accounts payable	\$ 17,907	\$ 27,123
Accrued payroll costs	20,100	13,698
Rent payable	23,295	18,226
Total Liabilities	<u>61,302</u>	<u>59,047</u>
<u>Net Assets</u>		
Unrestricted		
Operating	383,429	86,157
Board designated - Operating reserve	390,000	780,000
Total Unrestricted Net Assets	<u>773,429</u>	<u>866,157</u>
Temporarily restricted	<u>72,627</u>	<u>41,359</u>
Total Net Assets	<u>846,056</u>	<u>907,516</u>
Total Liabilities and Net Assets	<u>\$ 907,358</u>	<u>\$ 966,563</u>

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

THE BLUE BENCH

Statement of Activities

Year Ended December 31, 2015

(With Summarized Totals for the Year Ended December 31, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<u>Support and Revenue</u>				
Contributions	\$ 904,242	\$ 72,627	\$ 976,869	\$ 700,413
Government contracts	328,291	-	328,291	368,439
Foundation grants	67,095	-	67,095	54,375
Program related revenues	73,212	-	73,212	55,838
Special events, net of \$21,914 and \$36,512 of direct expenses	62,487	-	62,487	25,613
Net investment income (loss)	(32,960)	-	(32,960)	403
Other income	840	-	840	3,739
In-Kind	93,488	-	93,488	85,052
Net assets released from restrictions	41,359	(41,359)	-	-
Total Support and Revenue	1,538,054	31,268	1,569,322	1,293,872
<u>Expenses</u>				
Program Services:				
Counseling/Advocacy	751,183	-	751,183	686,667
Canvass/Community outreach	379,245	-	379,245	267,461
Abuse prevention training	146,245	-	146,245	86,994
Total Program Services	1,276,673	-	1,276,673	1,041,122
Supporting Services:				
Management and general	113,582	-	113,582	141,338
Fundraising	240,527	-	240,527	162,430
Total Supporting Services	354,109	-	354,109	303,768
Total Expenses	1,630,782	-	1,630,782	1,344,890
Change in Net Assets from Operations	(92,728)	31,268	(61,460)	(51,018)
Gain on Sale of Building	-	-	-	673,721
Change in Net Assets	(92,728)	31,268	(61,460)	622,703
NET ASSETS, Beginning of Year	866,157	41,359	907,516	284,813
NET ASSETS, End of Year	\$ 773,429	\$ 72,627	\$ 846,056	\$ 907,516

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

THE BLUE BENCH

Statement of Functional Expenses Year Ended December 31, 2015 (With Summarized Totals for the Year Ended December 31, 2014)

	Program Services			Supporting Services		Total	Total	
	Counseling/ Advocacy	Canvass/ Community Outreach	Abuse Prevention Training	Total Program Services	Management and General	Fund- Raising	Year Ended December 31, 2015	Year Ended December 31, 2014
Salaries	\$ 393,638	\$ 46,429	\$ 112,965	\$ 553,032	\$ 75,472	\$ 53,257	\$ 681,761	\$ 640,785
Commissions - field canvass	-	230,737	-	230,737	-	98,887	329,624	208,178
Payroll taxes and benefits	49,023	34,517	14,068	97,608	9,399	18,947	125,954	119,722
Total Employee Costs	442,661	311,683	127,033	881,377	84,871	171,091	1,137,339	968,685
Office and equipment rent	102,586	15,521	6,239	124,346	10,197	12,934	147,477	46,398
Counseling interns (in-kind)	93,488	-	-	93,488	-	-	93,488	82,952
All other	26,812	8,043	1,933	36,788	2,062	10,399	49,249	47,873
Professional services	12,097	3,297	1,538	16,932	1,694	23,095	41,721	27,025
Field canvass expenses	-	18,399	-	18,399	-	8,882	27,281	18,668
Technology	17,622	2,854	963	21,439	2,253	2,379	26,071	17,691
Telephone	16,324	481	241	17,046	321	401	17,768	14,636
Mileage and vehicles	3,076	8,134	1,597	12,807	436	3,524	16,767	7,705
Insurance	6,435	1,104	7	7,546	6,905	921	15,372	19,330
Education	8,430	-	4,301	12,731	1,981	-	14,712	5,507
Supplies	9,816	1,412	641	11,869	1,214	1,126	14,209	8,677
Postage	4,638	2,057	429	7,124	561	1,915	9,600	6,897
Staff development	2,358	2,041	470	4,869	386	1,157	6,412	4,516
Printing	1,725	3,527	161	5,413	216	765	6,394	1,357
Depreciation	3,115	692	692	4,499	485	1,938	6,922	32,528
Utilities and maintenance	-	-	-	-	-	-	-	18,803
Interest	-	-	-	-	-	-	-	10,832
Contract counselors	-	-	-	-	-	-	-	2,710
In-kind	-	-	-	-	-	-	-	2,100
	<u>\$ 751,183</u>	<u>\$ 379,245</u>	<u>\$ 146,245</u>	<u>\$ 1,276,673</u>	<u>\$ 113,582</u>	<u>\$ 240,527</u>	<u>\$ 1,630,782</u>	<u>\$ 1,344,890</u>

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

THE BLUE BENCH

Statement of Cash Flows Year Ended December 31, 2015

(With Summarized Totals for the Year Ended December 31, 2014)

	2015	2014
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (61,460)	\$ 622,703
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	6,922	32,528
Net gain on disposition of property and equipment	-	(673,721)
Net decrease in value of beneficial interest in assets held by the Rose Community Foundation	34,179	-
(Increase) decrease in:		
Receivables	(40,747)	(21,099)
Prepaid expenses	471	(10,224)
Rent deposits	-	(9,928)
Increase (decrease) in:		
Accounts payable	(9,216)	2,867
Accrued payroll costs	6,402	1,911
Rent payable	5,069	18,226
<u>Net Cash Provided by (Used in) Operating Activities</u>	(58,380)	(36,737)
<u>Cash Flows From Investing Activities</u>		
Proceeds from sale of property and equipment	-	1,106,245
(Purchase of) property and equipment	-	(28,713)
(Purchase of) assets held by the Rose Community Foundation	(730,000)	-
<u>Net Cash Provided by (Used in) Investing Activities</u>	(730,000)	1,077,532
<u>Cash Flows From Financing Activities</u>		
(Repayments) borrowings on line-of-credit, net	-	(209,096)
(Repayment of) capital lease obligations	-	(21,401)
<u>Net Cash Provided by (Used in) Financing Activities</u>	-	(230,497)
<u>Net Change in Cash and Cash Equivalents</u>	(788,380)	810,298
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	810,498	200
<u>CASH AND CASH EQUIVALENTS, end of year</u>	\$ 22,118	\$ 810,498
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Interest paid	\$ -	\$ 10,832

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

1. Organization and Summary of Significant Accounting Policies

Organization

The Blue Bench (the Organization) was established in 1983. The Organization was founded on courage to humbly lead the fight for change by providing prevention, education and comprehensive sexual assault services and support in the Metro-Denver area. The Organization's mission is to eliminate sexual assault and diminish the impact it has on individuals, their loved ones and our community.

Since its founding, the Organization has been a catalyst for change helping over 450,000 individuals on their path towards healing and working to put an end to sexual assault through prevention and care. The Organization's commitment to providing high quality, culturally competent, low/no cost services to sexual assault survivors is unmatched and its determination to eliminate sexual violence through public education and advocacy has helped it to become a voice for all survivors, their loved ones, and the community at large. The Organization is the leader in sexual assault response and prevention and is committed to changing the conversation and culture around the topic of sexual assault.

In 2015, the staff and volunteers of The Blue Bench responded to 2,161 hotline calls. The Organization provided crises response and/or ongoing case management services to 245 victims and 228 victims participated in individual and group therapy sessions for an average of nine months. The Pathway to Prevention program talked with or presented to over 7,300 youth and community members in 2015. The Organization's canvass outreach staff spoke in-person to over 228,000 people in Metro-Denver to educate them about the issue of sexual violence.

The Organization is supported primarily through individual contributions, foundation funds and government contracts. It operates the following major programs:

- Counseling/Advocacy – Individual and group counseling for victims of sex assault and rape, serving Metro-Denver's diverse population in three locations. 24-hour crises hotline, in both English and Spanish, offers immediate response to anyone impacted by sexual violence.
- Canvass/Community Outreach – Door-to-door contact to distribute hotline cards and information, and request donations.
- Abuse Prevention Training and Education – Prevention education with age-specific curricula promotes safety awareness and prevention techniques. Safety and Empowerment Skills for Women and Girls teaches self-defense and assertiveness strategies.

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 financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, which provides guidance for nonprofit organizations. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets - Accounts for all unrestricted resources over which the Board of Directors has discretionary control to use in carrying on the operations of the Organization in accordance with the limitations of its bylaws. The principal sources of unrestricted resources are grants, contributions, and program related revenues. Decreases in unrestricted resources generally result from expenses incurred for program and supporting services conducted by the Organization.

Temporarily Restricted Net Assets - Accounts for those resources currently available for use, but expendable only for operating purposes specified by the donor or grantor. Such resources may originate from gifts, grants, bequests, or other similar sources where the donor has specified the operating purpose for which the funds are to be used.

Permanently Restricted Net Assets - Accounts for endowment contributions and investments that are permanently restricted by the donor. The Organization has no permanently restricted assets as of December 31, 2015.

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 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.

Income Taxes

The Organization is a nonprofit organization 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. Accordingly, donors are entitled to a charitable deduction for their contributions to The Blue Bench. The financial statements do not include a provision for income taxes.

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

Income Taxes (continued)

The Organization evaluates whether there are any uncertain tax positions taken or expected to be taken in a tax return. During the year ended December 31, 2015, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

Concentration of Credit Risk

The Organization maintains bank accounts with creditworthy, high quality financial institutions as determined by management, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization from time to time may have amounts on deposit in excess of the insured limits. At December 31, 2015, the Organization's cash deposits were below the FDIC insurance limit.

The Organization receives virtually all its revenues from public support and government contracts. A significant reduction in the level of such support, if this were to occur, may have an adverse affect on the Organization's programs and activities.

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.

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	7 years
Office equipment	3 to 5 years
Vehicles	3 to 5 years

All assets with a useful life of more than one year and a cost of more than \$3,000 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Contributions and Grants Receivable

Contributions and grants are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on prior years experience and management's analysis of specific receivable balances. At December 31, 2015, management deems all contributions and grants receivable collectible, accordingly there is no allowance for uncollectible receivables.

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

Recognition of Support and Revenue

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted gift and grant support is reflected as revenue in the year of receipt.

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are reported as temporarily restricted support. When a donor 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. Pledges for support of future operations and fundraising activities are recorded as temporarily restricted support in the year the pledge is made.

The Organization's policy is to record contributions whose restrictions are met in the same reporting period as unrestricted contributions. Contributions whose restrictions are not met in the same reporting period are reported as temporarily restricted net assets.

Contributed Goods and Services

Donated goods are reflected as contributions in the financial statements at their estimated fair values at the date of donation. Contributions of 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.

Many individuals volunteer their time and perform a variety of tasks for the Organization. No amounts have been reflected in the financial statements for these donated services because they do not meet the criteria for recognition.

Gain on Sale of Building

On October 28, 2014, the Organization sold its primary operating facility, consisting of land and a building that the Organization acquired in 1987. Gross proceeds from the sale were \$1,100,000. The Organization recorded a net gain on the sale of the facility of \$673,721.

Investment Expenses

Expenses relating to investment revenues, including investment management and administrative fees, amounted to \$3,296 for 2015, and are included as a reduction in net investment income (loss) in the accompanying Statement of Activities.

Functional Allocation of Expenses

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

Reclassifications

Certain amounts reported in the prior year financial statements have been reclassified to conform to the current year presentation.

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

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 of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Subsequent Events

In accordance with the *Subsequent Events* Topic of FASB ASC, 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 Blue Bench's financial statements were available to be issued on May 10, 2016, and this is the date through which subsequent events were evaluated.

2. Beneficial Interest in Assets held by the Rose Community Foundation

In July 2015, the Organization transferred \$730,000 to the Rose Community Foundation (the "Foundation"). The Foundation commingles these funds with the funds of other entities for investment in order to achieve beneficial economies of scale and provide cost-effective access to professional investment management. The Organization may withdraw all or any portion of the funds in such amounts and manner as deemed appropriate by the Organization. As of December 31, 2015, the fair value of the assets held by the Foundation totaled \$695,821.

In August 2015, the Organization entered into an agreement with the Foundation to establish The Blue Bench Endowment Fund. Under the terms of the agreement, the Foundation agreed to match up to \$10,000 of Organization deposits into the fund. The fund is governed by an annual spending (withdrawal) policy, whereby the Foundation will distribute to the Organization an amount not to exceed 5% of the value of the assets in the fund. In February 2016, the Organization made its initial deposit into the endowment by transferring \$10,000 from its general operating investments at the Foundation into the Endowment Fund.

3. Property and Equipment

At December 31, 2015, property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Office Equipment	\$ 36,271
Leasehold Improvements	13,910
Vehicles	<u>14,724</u>
Total	64,905
Less: Accumulated depreciation	<u>44,108</u>
Total	<u>\$ 20,797</u>

4. Operating Leases

Effective November 1, 2014, the Organization entered into an agreement to lease office space under a non-cancelable operating lease scheduled to expire on December 31, 2021. The agreement includes two months of “free” rent and annual rent increases. In accordance with generally accepted accounting principles, the Organization is recognizing rent expense on a straight-line basis over the term of the lease. As a result of the difference between the calculated straight-line lease expense and cash payments made under the agreement, the Organization has recorded rent payable of \$23,295 at December 31, 2015.

The Organization also leases auxiliary office space and office equipment under operating leases expiring at various times through October 2020. Approximate minimum rent payments due under all operating leases are as follows:

Year Ending December 31:	
2016	\$ 132,600
2017	130,900
2018	122,700
2019	117,500
2020	109,800
2021	<u>109,100</u>
	<u>\$ 722,600</u>

Rent expense under all operating leases totaled \$147,477 for 2015.

5. In-Kind Contributions

Donated goods and services are reflected in the accompanying financial statements at their estimated values at the date of receipt. Donated goods and services consisted of the following for the year ended December 31, 2015:

<u>Description</u>	<u>Amount</u>
Counseling services	<u>\$ 93,488</u>

No amounts have been reflected in the financial statements for donated services not requiring specific expertise. The Organization generally pays for services requiring specific expertise. However, volunteers donated approximately 20,700 hours of service to the Organization in 2015.

6. Restrictions on Net Assets

As of December 31, 2015, temporarily restricted net assets consisted of the following:

Contributions and grants receivable	<u>\$ 72,627</u>
-------------------------------------	------------------

7. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosure Topic of FASB ASC. This standard requires the use of fair value hierarchy that prioritizes the valuation techniques used to measure fair value into three levels. The three levels of the fair value hierarchy defined in the FASB ASC are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. There were no changes in the valuation techniques used during the year.

Following is a description of the valuation methodologies used for assets measured at fair value:

Beneficial interest in assets held by the Rose Community Foundation: Represents funds held by the Foundation, the fair value of which is based upon information determined and reported by the Foundation. The fair value of investments held by the Foundation includes Level 1, 2, and 3; however, the Organization's pro rata share of the pooled investments is not quoted in active markets and is, therefore, classified under Level 3 in the fair value hierarchy.

The carrying amount reported in the Statement of Financial Position for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

THE BLUE BENCH
Notes to Financial Statements
December 31, 2015

7. Fair Value Measurements (continued)

The following table presents the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2015:

	Fair Value Measurements Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by the Rose Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,821</u>	<u>\$ 695,821</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investment assets for the year ended December 31, 2015:

	<u>Rose Community Foundation</u>
Balance as of December 31, 2014	\$ -
Deposits into the fund	730,000
Realized/unrealized gains (losses), net	(30,883)
Investment management fees	(3,296)
Disbursements	-
Balance as of December 31, 2015	<u>\$ 695,821</u>