

**COMMUNITY THREAD**

**FINANCIAL REPORT**

**DECEMBER 31, 2010**

**COMMUNITY THREAD**

**C O N T E N T S**

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**LEO C. NEUMAN, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

LEO C. NEUMAN, CPA

JANE E. NEUMAN, CPA

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Community Thread  
Stillwater, Minnesota**

We have audited the accompanying statements of financial position of Community Thread as of December 31, 2010 and 2009 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Thread as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Leo C. Neuman, Ltd.", is written in dark ink.

February 17, 2011

**COMMUNITY THREAD**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2010 and 2009**

	ASSETS	
	2010	2009
<b>ASSETS</b>		
Cash		
Checking accounts, non interest bearing	\$ 57,329	\$ 60,751
Money market account	81,888	40,520
Accounts receivable	991	4,853
Prepaid expenses	4,107	3,516
Property and equipment, at cost		
less accumulated depreciation of \$267,376 and		
\$244,889 respectively	444,300	446,905
<b>Total assets</b>	<b>\$ 588,615</b>	<b>\$ 556,545</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 3,217	\$ 5,360
Accrued expenses	19,576	19,484
<b>Total liabilities</b>	<b>22,793</b>	<b>24,844</b>
<b>COMMITMENT AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	230,150	208,467
Designated	23,137	23,137
<b>Total unrestricted</b>	<b>253,287</b>	<b>231,604</b>
Temporarily restricted	312,535	300,097
<b>Total net assets</b>	<b>565,822</b>	<b>531,701</b>
	<b>\$ 588,615</b>	<b>\$ 556,545</b>

See Notes to Financial Statements

**COMMUNITY THREAD**

**STATEMENTS OF ACTIVITIES**  
**Years ended December 31, 2010 and 2009**

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Support						
Public contributions	\$ 122,796	\$ 54,629	\$ 177,425	\$ 141,648	\$ 51,187	\$ 192,835
Private contributions	131,700	200,660	332,360	124,000	123,900	247,900
Total support	<u>254,496</u>	<u>255,289</u>	<u>509,785</u>	<u>265,648</u>	<u>175,087</u>	<u>440,735</u>
Revenue						
Interest	121	-	121	1,279	-	1,279
Purchase of services	16,180	-	16,180	32,940	-	32,940
Sales	43,169	-	43,169	23,917	-	23,917
Total revenue	<u>59,470</u>	<u>-</u>	<u>59,470</u>	<u>58,136</u>	<u>-</u>	<u>58,136</u>
Net assets released from restrictions	<u>242,851</u>	<u>(242,851)</u>	<u>-</u>	<u>191,188</u>	<u>(191,188)</u>	<u>-</u>
Total support and revenue	<u>556,817</u>	<u>12,438</u>	<u>569,255</u>	<u>514,972</u>	<u>(16,101)</u>	<u>498,871</u>
<b>EXPENSES</b>						
Program services	448,429	-	448,429	498,621	-	498,621
Management and general	37,809	-	37,809	43,135	-	43,135
Fundraising	48,896	-	48,896	44,180	-	44,180
Total expenses	<u>535,134</u>	<u>-</u>	<u>535,134</u>	<u>585,936</u>	<u>-</u>	<u>585,936</u>
Increase (decrease) in net assets	21,683	12,438	34,121	(70,964)	(16,101)	(87,065)
Net assets, beginning of year	<u>231,604</u>	<u>300,097</u>	<u>531,701</u>	<u>302,568</u>	<u>316,198</u>	<u>618,766</u>
Net assets, end of year	<u>\$ 253,287</u>	<u>\$ 312,535</u>	<u>\$ 565,822</u>	<u>\$ 231,604</u>	<u>\$ 300,097</u>	<u>\$ 531,701</u>

See Notes to Financial Statements

**COMMUNITY THREAD**

**STATEMENTS OF CASH FLOWS**  
**Years ended December 31, 2010 and 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decreased) in net assets	\$ 34,121	\$ (87,065)
<b>Adjustments to reconcile change in net assets     to net cash provided by operating activities:</b>		
Depreciation	22,487	23,416
(Decrease) increase in accounts receivable	3,862	(1,969)
(Increase) decrease in prepaid expenses	(591)	540
Decrease in accounts payable	(2,142)	(2,457)
Increase in accrued expenses	92	4,230
<b>Net cash provided by (used in) operating         activities</b>	57,829	(63,305)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(19,883)	(2,784)
<b>Net cash used in investing activities</b>	(19,883)	(2,784)
<b>NET INCREASE (DECREASE) IN CASH</b>	37,946	(66,089)
<b>CASH, beginning of year</b>	101,271	167,360
<b>CASH, end of year</b>	\$ 139,217	\$ 101,271

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2010

	Program Services										Supporting Services		Total Expenses
	Senior Center	Bayport Sr. Center	Transportation	Holiday Bureau	Volunteer Center	Neighborhood Service Exch.	Medical Reserve Corps	Management and General	Fund Raising	Total	Total Expenses		
Personnel	\$ 61,318	\$ 65,598	\$ 33,295	\$ 10,689	\$ 67,798	\$ 28,562	\$ 28,016	\$ 295,276	\$ 19,612	\$ 44,686	\$ 64,298	\$ 359,574	
Staff salaries and expenses		50	11,554	-	-	-	-	11,700	1,339	-	1,339	13,039	
Volunteer expense reimbursements		39,120	-	-	-	-	-	39,120	-	-	-	39,120	
Occupancy		1,752	2,577	2,903	2,577	2,572	2,572	20,329	4,561	-	4,561	24,890	
Rent		3,884	2,572	3,779	3,399	2,544	3,496	23,280	3,364	3,235	6,599	29,879	
Utilities and maintenance		14,706	448	16	1,141	405	749	21,697	1,752	975	2,727	24,424	
Communications		1,141	2,208	1,038	1,026	1,101	1,101	8,718	4,056	-	4,056	12,774	
Supplies and equipment		-	-	8,947	-	-	-	8,947	-	-	-	8,947	
Other administrative expense		86,238	116,844	51,549	27,372	35,189	35,934	429,067	34,684	48,896	83,580	512,647	
Direct program expenses		15,813	970	443	443	443	443	19,362	3,125	-	3,125	22,487	
Total expenses before depreciation	\$ 102,051	\$ 117,814	\$ 51,992	\$ 27,815	\$ 76,748	\$ 35,632	\$ 36,377	\$ 448,429	\$ 37,809	\$ 48,896	\$ 86,705	\$ 535,134	
Depreciation of furniture, equipment, improvements													
Total Expenses													

See Notes to Financial Statements.

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2009

	Program Services							Supporting Services		Total Expenses
	Senior Center	Bayport Sr. Center	Trans- portation	Holiday Bureau	Volunteer Center	Neighborhood Service Exch.	Medical Reserve Corps	Management and General	Fund Raising	
Personnel										
Staff salaries and expenses	\$ 59,603	\$ 66,564	\$ 38,110	\$ 17,603	\$ 91,356	\$ 29,148	\$ 28,334	\$ 23,965	\$ 39,848	\$ 63,813
Volunteer expense reimbursements	141	15	21,922	1,687	30	40	-	2,392	-	2,392
Occupancy	-	39,120	-	-	-	-	-	-	-	-
Rent	4,737	2,540	2,060	1,672	2,067	2,062	2,042	1,418	-	1,418
Utilities and maintenance										
Operations	4,626	5,408	3,257	2,715	5,056	3,253	4,532	6,436	3,054	9,490
Communications	8,416	8,011	748	2,404	2,904	676	632	1,192	1,247	2,439
Supplies and equipment	1,392	2,572	1,105	954	1,212	1,105	1,105	5,784	31	5,815
Other administrative expense	-	-	-	4,217	-	-	-	-	-	-
Direct program expenses	-	-	-	4,217	-	-	-	-	-	-
Total expenses before depreciation	78,915	124,230	67,202	31,252	102,625	36,284	36,645	41,187	44,180	85,367
Depreciation of furniture, equipment, improvements	17,919	970	443	443	807	443	443	1,948	-	1,948
Total Expenses	\$ 96,834	\$ 125,200	\$ 67,645	\$ 31,695	\$ 103,432	\$ 36,727	\$ 37,088	\$ 43,135	\$ 44,180	\$ 87,315

See Notes to Financial Statements



## COMMUNITY THREAD

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. Nature of Activities and Significant Accounting Policies

##### Nature of activities:

Community Thread is a Minnesota nonprofit corporation organized for the purpose of promoting and supporting volunteerism by serving organizations and individuals, meeting community needs through volunteer resources. The Organization is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

A summary of the Organization's significant programs is as follows:

Senior Centers – Stillwater and Bayport. The Senior Centers serve as a hub of senior activity in the St. Croix Valley Area. They provide a focal point for high quality programs and activities, which enhance the well being of older adults. The Centers' support services enable seniors to remain independent in their own homes, as well as providing a place for socialization, education, information and referral, direct senior services, and senior advocacy.

Transportation Program. The Transportation Program engages volunteer drivers who take people to and from needed medical or other wellness appointments. This service is free to all eligible residents of Washington County. The Transportation Program also provides referrals and connections to alternative transportation resources for those who have other transportation needs.

Holiday Bureau. The Holiday Bureau provides an opportunity in which the community can reach out to families and individuals during the holidays. Volunteers purchase and deliver food and gifts.

Volunteer Center. The Volunteer Center serves individuals and organizations through four primary functions: connecting people to opportunities to serve through a searchable database of volunteer opportunities, building capacity for local volunteering by providing training and support in volunteer management to local nonprofit organizations; promoting volunteerism in the community; and providing special community wide service initiatives.

Neighborhood Service Exchange. The NSE is a voluntary program, which promotes community service through neighbor-to-neighbor relationships. The program is based on the "time dollar" concept. One hour of service earns members one "credit" to be used for receiving service. The NSE has been successful in gaining members from ages 6 to 85.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Medical Reserve Corps.** Commenced in 2004, the MRC is a pool of medical professionals and other support volunteers who will be called upon by county and state officials to provide emergency staffing and support services to respond to public health emergencies.

**Summary of significant Accounting Policies:**

**Basis of Accounting:**

The Organization maintains its books on the accrual basis of accounting. Support revenue and expenses are recognized during the period in which they are earned or incurred, respectively. In 1997, the Organization adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" and Statement of Financial Standards No. 117 "Financial Statements for Not-for Profit Organizations." Under these standards, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and therein are classified and reported as follows:

Temporarily restricted net assets consist of contributions that are restricted by donor-imposed restrictions to be used primarily for special initiatives.

Unrestricted-designated net assets occur when the Board of Directors of the Organization specifies a purpose where the donor has stated none. The Board has designated funds for the following purpose-

	December 31,	
	2010	2009
Senior Citizens	\$ 2,000	\$ 2,000
Holiday Bureau	1,000	1,000
General	7,000	7,000
Building Improvements	13,137	13,137
	\$ 23,137	\$ 23,137

Unrestricted- undesignated net assets represent the portion of expendable funds that is available for support of the operations of the Organization that is not designated by the Board of Directors.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Property and Equipment:

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is computed using the straight-line method over estimated useful lives of five years to forty years.

Property and equipment at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 75,000	\$ 75,000
Building	277,961	277,961
Office furniture and equipment	123,986	119,478
Building improvements	<u>234,729</u>	<u>219,355</u>
	711,676	691,794
Less: accumulated depreciation	<u>267,376</u>	<u>244,889</u>
	<u>\$ 444,300</u>	<u>\$ 446,905</u>

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 programs and supporting services benefited, based upon the time devoted to each.

Note 2. Leases

The Organization began leasing space for the Bayport Senior Center during 2000 under a one-year lease with annual one-year renewal options at a monthly rent of \$3,260.

Rent expense under this lease agreement was \$39,120 in 2010 and \$39,120 in 2009.

Note 3. Custodial Account

The Organization maintains custodial cash accounts for funds of Minnesota Volunteer Center Association, which are to be disbursed only for the benefit of, and upon the instructions of, Minnesota Volunteer Center Association. These funds are not assets of Community Thread, and, accordingly, are not included in the accompanying financial statements. The balances in these custodial accounts were \$8,771 and \$9,894 at December 31, 2010 and 2009 respectively.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Note 4. Donated Staff Support

A substantial number of volunteers have donated significant amounts of their time to the Organization. These donated services are not reflected in the accompanying financial statements as an expenditure or as income from donations, as such services are not considered to meet the definition of highly skilled labor as defined in SFAS No. 116.

### Note 5. Retirement Plan

The Organization sponsors a retirement plan for its employees. Employees, at their option may defer a percentage of compensation. The Organization may make a discretionary contribution for eligible employees who participate in the plan. For the years ended December 31, 2010 and 2009, the Organization did not make a discretionary contribution.

### Note 6. Community Thread Fund

During 2001, the Organization established the Community Thread Fund with the St. Croix Valley Community Foundation. Under the terms of the arrangement, the Community Foundation will distribute annually, income from the fund, after deducting expenses of administering and investing. The Board of Directors of the Organization may elect to add the annual income to the Fund's principal. Under the guidelines established in Statement of Financial Accounting Standards (SFAS) No. 136, the Community Foundation is considered the legal owner of the Fund. At December 31, 2010, the Fund's assets totaled \$12,219 and \$540 was distributable at that date.

### Note 7. Comparative Amounts

Certain amounts in the December 31, 2010 financial statements were restated to conform to the 2009 financial statement presentation.

### Note 8. Change In Name

In March 2009, The Organization's Board Of Directors changed the name of the Organization to Community Thread. Previously, the Organization operated under the name Community Volunteer Service and Senior Centers.