

COMMUNITY THREAD

FINANCIAL REPORT

DECEMBER 31, 2011

COMMUNITY THREAD

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

LEO C. NEUMAN, CPA

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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, 2011 and 2010 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, 2011 and 2010 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 black ink, appearing to read "Leo C. Neuman, CPA". The signature is fluid and cursive, with a large initial "L" and "N".

February 3, 2012

COMMUNITY THREAD

STATEMENTS OF FINANCIAL POSITION
December 31, 2011 and 2010

	ASSETS	
	2011	2010
ASSETS		
Cash		
Checking accounts, non interest bearing	\$ 45,815	\$ 57,329
Money market account	144,915	81,888
Accounts receivable	4,161	991
Prepaid expenses	785	4,107
Property and equipment, at cost		
less accumulated depreciation of \$290,214 and		
\$267,376 respectively	604,287	444,300
Total assets	\$ 799,963	\$ 588,615
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 49,431	\$ 3,217
Accrued expenses	18,720	19,576
Note payable	1,505	-
Total liabilities	69,656	22,793
COMMITMENT AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Undesignated	382,849	230,150
Designated	23,137	23,137
Total unrestricted	405,986	253,287
Temporarily restricted	324,321	312,535
Total net assets	730,307	565,822
	\$ 799,963	\$ 588,615

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF ACTIVITIES
Years ended December 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Public contributions	\$ 155,907	\$ 54,986	\$ 210,893	\$ 122,796	\$ 54,629	\$ 177,425
Private contributions	113,000	345,112	458,112	131,700	200,660	332,360
Total support	<u>268,907</u>	<u>400,098</u>	<u>669,005</u>	<u>254,496</u>	<u>255,289</u>	<u>509,785</u>
Revenue						
Interest	251	-	251	121	-	121
Purchase of services	12,193	-	12,193	16,180	-	16,180
Sales and other	44,099	-	44,099	43,169	-	43,169
Total revenue	<u>56,543</u>	<u>-</u>	<u>56,543</u>	<u>59,470</u>	<u>-</u>	<u>59,470</u>
Net assets released from restrictions	<u>388,312</u>	<u>(388,312)</u>	<u>-</u>	<u>242,851</u>	<u>(242,851)</u>	<u>-</u>
Total support and revenue	<u>713,762</u>	<u>11,786</u>	<u>725,548</u>	<u>556,817</u>	<u>12,438</u>	<u>569,255</u>
EXPENSES						
Program services	463,567	-	463,567	448,429	-	448,429
Management and general	41,107	-	41,107	37,809	-	37,809
Fundraising	56,389	-	56,389	48,896	-	48,896
Total expenses	<u>561,063</u>	<u>-</u>	<u>561,063</u>	<u>535,134</u>	<u>-</u>	<u>535,134</u>
Increase in net assets	152,699	11,786	164,485	21,683	12,438	34,121
Net assets, beginning 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>
Net assets, end of year	<u>\$ 405,986</u>	<u>\$ 324,321</u>	<u>\$ 730,307</u>	<u>\$ 253,287</u>	<u>\$ 312,535</u>	<u>\$ 565,822</u>

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF CASH FLOWS
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 164,485	\$ 34,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,837	22,487
(Increase) decrease in accounts receivable	(3,170)	3,862
Decrease (increase) in prepaid expenses	3,321	(591)
Increase (decrease) in accounts payable	46,214	(2,142)
(Decrease) increase in accrued expenses	(856)	92
Net cash provided by operating activities	<u>232,831</u>	<u>57,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(182,823)</u>	<u>(19,883)</u>
Net cash used in investing activities	<u>(182,823)</u>	<u>(19,883)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowing	3,212	-
Debt reduction	<u>(1,707)</u>	<u>-</u>
Net cash provided by financing activities	<u>1,505</u>	<u>-</u>
NET INCREASE IN CASH	51,513	37,946
CASH, beginning of year	<u>139,217</u>	<u>101,271</u>
CASH, end of year	<u>\$ 190,730</u>	<u>\$ 139,217</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 143</u>	<u>\$ -</u>

See Notes to Financial Statements

COMMUNITY THREAD
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011

	Program Services							Supporting Services			Total Expenses	
	Senior Center	Bayport Sr. Center	Trans-portation	Holiday Bureau	Volunteer Center	Neighborhood Service Exch.	Medical Reserve Corps	Total	Management and General	Fund Raising		Total
Personnel												
Staff salaries and expenses	\$ 57,274	\$ 59,961	\$ 35,455	\$ 16,560	\$ 77,565	\$ 31,136	\$ 43,321	\$ 321,272	\$ 21,286	\$ 52,999	\$ 74,285	\$ 395,557
Volunteer expense reimbursements	-	-	8,919	-	220	-	-	9,139	624	-	624	9,763
Occupancy	-	39,120	-	-	-	-	-	39,120	-	-	-	39,120
Rent	4,443	524	2,522	2,709	2,762	2,512	2,487	17,959	2,375	770	3,145	21,104
Utilities and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Operations	3,568	3,739	2,917	4,328	6,842	2,915	3,683	28,012	4,176	1,737	5,913	33,925
Communications	1,743	3,081	264	-	5,877	264	264	11,493	3,775	883	4,658	16,151
Supplies and equipment	2,491	3,998	1,000	811	1,066	1,066	1,067	11,499	5,758	-	5,758	17,257
Other administrative expense	-	-	-	5,349	-	-	-	5,349	-	-	-	5,349
Direct program expenses												
Total expenses before depreciation	69,519	110,443	51,077	29,757	94,332	37,893	50,822	443,843	37,994	56,389	94,383	538,226
Depreciation of furniture, equipment, improvements	15,813	1,332	443	443	807	443	443	19,724	3,113	-	3,113	22,837
Total Expenses	\$ 85,332	\$ 111,775	\$ 51,520	\$ 30,200	\$ 95,139	\$ 38,336	\$ 51,265	\$ 463,567	\$ 41,107	\$ 56,389	\$ 97,496	\$ 561,063

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 St. Center	Trans- portation	Holiday Bureau	Volunteer Center	Neighborhood Service Exch.	Medical Reserve Corps	Management and General	Fund Raising	Total	
Personnel											
Staff salaries and expenses	\$ 61,318	\$ 65,598	\$ 33,295	\$ 10,689	\$ 67,798	\$ 28,562	\$ 28,016	\$ 19,612	\$ 44,686	\$ 64,298	\$ 359,574
Volunteer expense reimbursements	96	50	11,554	-	-	-	-	1,339	-	1,339	13,039
Occupancy	-	39,120	-	-	-	-	-	-	-	-	39,120
Rent	5,371	1,752	2,577	2,903	2,577	2,577	2,572	4,561	-	4,561	24,890
Utilities and maintenance	3,606	3,884	2,572	3,779	3,399	2,544	3,496	3,364	3,235	6,599	29,879
Communications	14,706	4,232	48	16	1,141	405	749	1,752	975	2,727	24,424
Supplies and equipment	1,141	2,208	1,103	1,038	1,026	1,101	1,101	4,056	-	4,056	12,774
Other administrative expense	-	-	-	8,947	-	-	-	-	-	-	8,947
Direct program expenses	86,238	116,844	51,549	27,372	75,941	35,189	35,934	34,684	48,896	83,580	512,647
Total expenses before depreciation	15,813	970	443	443	807	443	443	3,125	-	3,125	22,487
Depreciation of furniture, equipment, improvements	\$ 102,051	\$ 117,814	\$ 51,992	\$ 27,815	\$ 76,748	\$ 35,632	\$ 36,377	\$ 37,809	\$ 48,896	\$ 86,705	\$ 535,134
Total Expenses											

See Notes to Financial Statements
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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,	
	2011	2010
Senior Citizens	\$ 2,000	\$ 2,000
Holiday Bureau	1,000	1,000
General	7,000	7,000
Building Improvements	13,137	13,137
	<u>\$ 23,137</u>	<u>\$ 23,137</u>

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, 2011 and 2010 consisted of the following:

	2011	2010
Land and improvements	\$ 79,911	\$ 75,000
Building	277,961	277,961
Office furniture and equipment	136,493	123,986
Leasehold improvements	165,407	-
Building improvements	234,729	234,729
	894,501	711,676
Less: accumulated depreciation	290,214	267,376
	\$ 604,287	\$ 444,300

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, through December 31, 2011. In conjunction with leasehold improvements made during 2011, the Organization is currently negotiating a long-term lease with the landlord. Until the lease is finalized, the Organization will pay a monthly rent of \$3,000.

Rent expense under this lease agreement was \$39,120 in 2011 and \$39,120 in 2010.

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 \$9,177 and \$8,771 at December 31, 2011 and 2010 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 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, 2011 and 2010, the Organization made discretionary contributions of \$2,340 and \$0, respectively.

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, 2011, the Fund's assets totaled \$12,395 and \$176 was distributable at that date.

Note 7. Comparative Amounts

Certain amounts in the December 31, 2011 financial statements were restated to conform to the 2010 financial statement presentation.

Note 8. Note Payable

In 2011, the Organization borrowed \$3,212 from the Center for Energy and Environment to make certain energy efficient improvements. The loan calls for monthly payments in the amount of \$103, including interest at 3.9% per annum. The note matures March 30, 2013, and is unsecured. The outstanding balance on this note at December 31, 2011 was \$1,505.