

COMMUNITY THREAD

FINANCIAL REPORT

DECEMBER 31, 2013

COMMUNITY THREAD

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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, 2013 and 2012 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, 2013 and 2012 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.

February 19, 2014

A handwritten signature in cursive script that reads "Leo C. Neuman, Ltd." is written over the date.

COMMUNITY THREAD

STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

ASSETS		
	2013	2012
ASSETS		
Cash		
Checking accounts, non interest bearing	\$ 112,458	\$ 113,827
Money market account	18,522	3,488
Accounts receivable	9,803	8,554
Prepaid expenses	3,446	3,436
Property and equipment, at cost		
less accumulated depreciation of \$349,470 and		
\$320,661 respectively	548,919	577,728
Total assets	\$ 693,148	\$ 707,033
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 8,453	\$ 5,505
Accrued expenses	21,104	22,402
Note payable	-	309
Total liabilities	29,557	28,216
COMMITMENT AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Undesignated	298,877	331,663
Designated	23,137	23,137
Total unrestricted	322,014	354,800
Temporarily restricted	341,577	324,017
Total net assets	663,591	678,817
	\$ 693,148	\$ 707,033

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF ACTIVITIES
Years ended December 31, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Public contributions	\$ 150,869	\$ 54,807	\$ 205,676	\$ 158,483	\$ 54,807	\$ 213,290
Private contributions	135,000	154,000	289,000	118,000	141,750	259,750
Total support	<u>285,869</u>	<u>208,807</u>	<u>494,676</u>	<u>276,483</u>	<u>196,557</u>	<u>473,040</u>
Revenue						
Interest	52	-	52	98	-	98
Purchase of services	11,367	-	11,367	14,466	-	14,466
Sales and other	34,293	-	34,293	39,615	-	39,615
Total revenue	<u>45,712</u>	<u>-</u>	<u>45,712</u>	<u>54,179</u>	<u>-</u>	<u>54,179</u>
Net assets released from restrictions	<u>191,247</u>	<u>(191,247)</u>	<u>-</u>	<u>195,315</u>	<u>(195,315)</u>	<u>-</u>
Total support and revenue	<u>522,828</u>	<u>17,560</u>	<u>540,388</u>	<u>525,977</u>	<u>1,242</u>	<u>527,219</u>
EXPENSES						
Program services	471,483	-	471,483	465,944	1,546	467,490
Management and general	40,594	-	40,594	48,723	-	48,723
Fundraising	43,537	-	43,537	62,496	-	62,496
Total expenses	<u>555,614</u>	<u>-</u>	<u>555,614</u>	<u>577,163</u>	<u>1,546</u>	<u>578,709</u>
(Decrease) increase in net assets	(32,786)	17,560	(15,226)	(51,186)	(304)	(51,490)
Net assets, beginning of year	<u>354,800</u>	<u>324,017</u>	<u>678,817</u>	<u>405,986</u>	<u>324,321</u>	<u>730,307</u>
Net assets, end of year	<u>\$ 322,014</u>	<u>\$ 341,577</u>	<u>\$ 663,591</u>	<u>\$ 354,800</u>	<u>\$ 324,017</u>	<u>\$ 678,817</u>

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF CASH FLOWS
Years ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (15,226)	\$ (51,490)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,810	30,449
(Increase) decrease in accounts receivable	(1,250)	(4,393)
(Increase) decrease in prepaid expenses	(10)	(2,651)
Increase (decrease) in accounts payable	2,948	(43,926)
(Decrease) increase in accrued expenses	(1,298)	3,682
Net cash provided by (used in) operating activities	13,974	(68,329)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(3,890)
Net cash used in investing activities	-	(3,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowing	-	15,000
Debt reduction	(309)	(16,196)
Net cash used in financing activities	(309)	(1,196)
NET INCREASE (DECREASE) IN CASH	13,665	(73,415)
CASH, beginning of year	117,315	190,730
CASH, end of year	\$ 130,980	\$ 117,315
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 2	\$ 38

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Program Services										Supporting Services		Total Expenses	
	Senior Center	Bayport Sr. Center	Trans- portation	Holiday Hope	Volunteer Center	Neighborhood Service Exch.	Medical Reserve Corps	Management and General	Fund Raising	Total	Total Expenses			
Personnel														
Staff salaries and expenses	\$ 56,912	\$ 60,634	\$ 35,539	\$ 15,942	\$ 89,249	\$ 31,209	\$ 39,399	\$ 328,884	\$ 20,485	\$ 41,432	\$ 61,917	\$ 390,801		
Volunteer expense reimbursements	130	562	7,418	-	100	-	-	8,210	235	-	235	8,445		
Occupancy	-	36,000	-	-	-	-	-	36,000	-	-	-	36,000		
Rent	6,605	1,723	3,109	3,510	3,110	750	3,108	21,915	3,084	47	3,131	25,046		
Utilities and maintenance	5,152	3,348	2,928	3,555	4,722	532	2,897	23,134	7,416	1,384	8,800	31,934		
Operations	7,853	2,798	738	-	1,163	87	609	13,248	2,655	674	3,329	16,577		
Communications	2,632	2,754	1,337	668	916	488	918	9,713	4,357	-	4,357	14,070		
Supplies and equipment	-	-	-	3,931	-	-	-	3,931	-	-	-	3,931		
Other administrative expense	79,284	107,819	51,069	27,606	99,260	33,066	46,931	445,035	38,232	43,537	81,769	526,804		
Direct program expenses	15,813	8,054	443	443	809	443	443	26,448	2,362	-	2,362	28,810		
Total program expenses before depreciation	\$ 95,097	\$ 115,873	\$ 51,512	\$ 28,049	\$ 100,069	\$ 33,509	\$ 47,374	\$ 471,483	\$ 40,594	\$ 43,537	\$ 84,131	\$ 555,614		
Depreciation of furniture, equipment, improvements														
Total Expenses														

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012

	Program Services										Supporting Services		Total Expenses	
	Senior Center	Bayport Sr. Center	Trans- portation	Holiday Hope	Volunteer Center	Neighborhood Service Exch.	Medical Reserve Corps	Management and General	Fund Raising	Total	Total Expenses			
Personnel														
Staff salaries and expenses	\$ 55,591	\$ 59,982	\$ 36,911	\$ 19,783	\$ 86,076	\$ 32,711	\$ 38,948	\$ 330,002	\$ 29,695	\$ 56,451	\$ 86,146	\$	\$ 416,148	
Volunteer expense reimbursements	45	-	7,459	-	281	-	-	7,785	1,066	-	1,066	-	8,851	
Occupancy	-	36,000	-	-	-	-	-	36,000	-	-	-	-	36,000	
Rent	3,874	691	2,353	2,422	2,320	2,330	2,329	16,319	2,945	400	3,345	-	19,664	
Utilities and maintenance														
Operations	3,139	3,119	2,032	2,748	6,185	2,004	2,824	22,051	4,098	4,899	8,997	-	31,048	
Communications	7,058	2,744	130	-	782	130	140	10,984	2,226	746	2,972	-	13,956	
Supplies and equipment	2,426	3,590	1,045	688	1,043	1,045	1,045	10,962	4,692	-	4,692	-	15,654	
Other administrative expense	-	-	-	6,939	-	-	-	6,939	-	-	-	-	6,939	
Direct program expenses														
Total expenses before depreciation	72,133	106,126	49,930	32,660	96,687	38,220	45,286	441,042	44,722	62,496	107,218	-	548,260	
Depreciation of furniture, equipment, improvements	15,813	8,054	443	443	809	443	443	26,448	4,001	-	4,001	-	30,449	
Total Expenses	\$ 87,946	\$ 114,180	\$ 50,373	\$ 33,103	\$ 97,496	\$ 38,663	\$ 45,729	\$ 467,490	\$ 48,723	\$ 62,496	\$ 111,219	\$	\$ 578,709	

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:

Services for Seniors, Families, and Individuals:

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. The Senior Centers also offer free income tax preparation assistance.

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 Hope. For over 40 years Community Thread has been providing help during the holidays through the Holiday Hope program (formerly Holiday Bureau). The program registers those in need-families, people with disabilities, and low-income seniors-and recruits sponsors to provide a unique community connection, a happy holiday filled with individually chosen gifts and a holiday meal. Individuals and families residing in the Stillwater school district are served.

Services to support Volunteerism:

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. The Organization discontinued this program in March, 2013.

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,	
	2013	2012
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, 2013 and 2012 consisted of the following:

	2013	2012
Land and improvements	\$ 79,911	\$ 79,911
Building	277,961	277,961
Office furniture and equipment	140,381	140,381
Leasehold improvements	165,407	165,407
Building improvements	234,729	234,729
	898,389	898,389
Less: accumulated depreciation	349,470	320,661
	\$ 548,919	\$ 577,728

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 Bayport American Legion, who is the lessor. Until the lease is finalized, the Organization will pay a monthly rent of \$3,000.

Rent expense under this lease agreement was \$36,000 in 2013 and \$36,000 in 2012.

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 \$4,149 and \$6,914 at December 31, 2013 and 2012 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 expenditures 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, 2013 and 2012, 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, 2013, the Fund's assets totaled \$16,026 and \$622 was distributable at that date.

Note 7. Comparative Amounts

Certain amounts in the December 31, 2012 financial statements were restated to conform to the 2013 financial statement presentation.

Note 8. Line of Credit

In October 2012, The Organization entered into a line of credit arrangement with Central Bank. The arrangement allows the Organization to borrow up to \$100,000. Interest is payable at variable rates (5.00% at December 31, 2013) through October 4, 2014, when the outstanding principal balance is due. Any outstanding principal balance is secured by a first mortgage on real property. There was no outstanding balance under this line of credit arrangement at December 31, 2013.