

COMMUNITY THREAD

FINANCIAL REPORT

DECEMBER 31, 2014



LEO C. NEUMAN, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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, 2014 and 2013 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, 2014 and 2013 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 that reads "Leo C. Neuman, Ltd".

February 18, 2015

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STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	ASSETS	
	<u>2014</u>	<u>2013</u>
ASSETS		
Cash		
Checking accounts, non interest bearing	\$ 58,297	\$ 112,458
Money market account	70,347	18,522
Accounts receivable	4,567	9,803
Prepaid expenses	3,305	3,446
Property and equipment, at cost		
less accumulated depreciation of \$377,859 and \$349,470 respectively	<u>533,217</u>	<u>548,919</u>
Total assets	<u><u>\$ 669,733</u></u>	<u><u>\$ 693,148</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,734	\$ 8,453
Accrued expenses	<u>19,206</u>	<u>21,104</u>
Total liabilities	<u><u>20,940</u></u>	<u><u>29,557</u></u>
COMMITMENT AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Undesignated	313,057	298,877
Designated	<u>-</u>	<u>23,137</u>
Total unrestricted	<u>313,057</u>	<u>322,014</u>
Temporarily restricted	<u>335,736</u>	<u>341,577</u>
Total net assets	<u><u>648,793</u></u>	<u><u>663,591</u></u>
	<u><u>\$ 669,733</u></u>	<u><u>\$ 693,148</u></u>

See Notes to Financial Statements

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STATEMENTS OF ACTIVITIES
Years ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Public contributions	\$ 174,295	\$ 54,807	\$ 229,102	\$ 150,869	\$ 54,807	\$ 205,676
Private contributions	137,750	162,775	300,525	135,000	154,000	289,000
Total support	<u>312,045</u>	<u>217,582</u>	<u>529,627</u>	<u>285,869</u>	<u>208,807</u>	<u>494,676</u>
Revenue						
Interest	43	-	43	52	-	52
Purchase of services	12,047	-	12,047	11,367	-	11,367
Sales and other	32,561	-	32,561	34,293	-	34,293
Total revenue	<u>44,651</u>	<u>-</u>	<u>44,651</u>	<u>45,712</u>	<u>-</u>	<u>45,712</u>
Net assets released from restrictions	<u>223,423</u>	<u>(223,423)</u>	<u>-</u>	<u>191,247</u>	<u>(191,247)</u>	<u>-</u>
Total support and revenue	<u>580,119</u>	<u>(5,841)</u>	<u>574,278</u>	<u>522,828</u>	<u>17,560</u>	<u>540,388</u>
EXPENSES						
Program services	483,974	-	483,974	471,483	-	471,483
Management and general	50,454	-	50,454	40,594	-	40,594
Fundraising	54,648	-	54,648	43,537	-	43,537
Total expenses	<u>589,076</u>	<u>-</u>	<u>589,076</u>	<u>555,614</u>	<u>-</u>	<u>555,614</u>
(Decrease) increase in net assets	(8,957)	(5,841)	(14,798)	(32,786)	17,560	(15,226)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 313,057</u>	<u>\$ 335,736</u>	<u>\$ 648,793</u>	<u>\$ 322,014</u>	<u>\$ 341,577</u>	<u>\$ 663,591</u>

See Notes to Financial Statements

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STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (14,798)	\$ (15,226)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,389	28,810
Decrease (increase) in accounts receivable	5,236	(1,250)
Decrease (increase) in prepaid expenses	141	(10)
(Decrease) increase in accounts payable	(6,719)	2,948
(Decrease) increase in accrued expenses	(1,898)	(1,298)
Net cash provided by operating activities	10,351	13,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(12,687)	-
Net cash used in investing activities	(12,687)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowing	-	-
Debt reduction	-	(309)
Net cash used in financing activities	-	(309)
NET (DECREASE) INCREASE IN CASH	(2,336)	13,665
CASH, beginning of year	130,980	117,315
CASH, end of year	\$ 128,644	\$ 130,980
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ -	\$ 2

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	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
Personnel										
Staff salaries and expenses	\$ 58,905	\$ 71,981	\$ 47,436	\$ 25,662	\$ 94,804	\$ -	\$ 45,369	\$ 28,517	\$ 48,277	\$ 76,794
Volunteer expense										
reimbursements	18	631	5,907	-	145	-	-	484	1,792	2,276
Occupancy										
Rent		36,000	-	-	-	-	-	-	-	-
Utilities and maintenance	7,147	1,988	3,271	2,529	3,270	-	3,271	4,065	47	4,112
Operations										
Communications	6,048	3,667	3,586	2,756	3,683	-	4,639	6,243	2,236	8,479
Supplies and equipment	8,497	2,420	255	-	1,149	-	995	2,986	1,198	4,184
Other administrative expense	2,010	1,198	1,536	712	712	-	1,048	6,216	1,098	7,314
Direct program expenses										
Total expenses before depreciation	82,625	117,885	61,991	35,942	103,763	-	55,322	48,511	54,648	103,159
Depreciation of furniture, equipment, improvements	15,813	8,054	443	443	807	-	886	1,943	-	1,943
Total Expenses	\$ 98,438	\$ 125,939	\$ 62,434	\$ 36,385	\$ 104,570	\$ -	\$ 56,208	\$ 50,454	\$ 54,648	\$ 105,102

See Notes to Financial Statements

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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
Personnel	\$ 56,912	\$ 60,634	\$ 35,539	\$ 15,942	\$ 89,249	\$ 31,209	\$ 39,399	\$ 41,432	\$ 61,917	\$ 390,801
Staff salaries and expenses										
Volunteer expense reimbursements	130	562	7,418	-	100	-	-	235	-	8,445
Occupancy	-	36,000	-	-	-	-	-	-	-	36,000
Rent	6,605	1,723	3,109	3,510	3,110	750	3,108	3,084	47	25,046
Utilities and maintenance										
Operations	5,152	3,348	2,928	3,555	4,722	532	2,897	7,416	1,384	31,934
Communications	7,853	2,798	738	-	1,163	87	609	2,655	674	16,577
Supplies and equipment	2,632	2,754	1,337	668	916	488	918	4,357	-	14,070
Other administrative expense	-	-	-	3,931	-	-	-	-	-	3,931
Direct program expenses										
Total program expenses before depreciation	79,284	107,819	51,069	27,606	99,260	33,066	46,931	38,232	43,537	526,804
Depreciation of furniture, equipment, improvements	15,813	8,054	443	443	809	443	443	2,362	-	28,810
Total Expenses	\$ 95,097	\$ 115,873	\$ 51,512	\$ 28,049	\$ 100,069	\$ 33,509	\$ 47,374	\$ 40,594	\$ 43,537	\$ 555,614

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:

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,	
	2014	2013
Senior Citizens	\$ -	\$ 2,000
Holiday Hope	-	1,000
General	-	7,000
Building Improvements	-	13,137
	\$ -	\$ 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, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 79,911	\$ 79,911
Building	277,961	277,961
Office furniture and equipment	153,069	140,381
Leasehold improvements	165,407	165,407
Building improvements	<u>234,729</u>	<u>234,729</u>
	911,077	898,389
Less: accumulated depreciation	<u>377,859</u>	<u>349,470</u>
	<u>\$ 533,218</u>	<u>\$ 548,919</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, 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 2014 and \$36,000 in 2013.

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 \$2,931 and \$4,147 at December 31, 2014 and 2013 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, 2014 and 2013, 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, 2014, the Fund's assets totaled \$17,135 and \$685 was distributable at that date.

Note 7. Comparative Amounts

Certain amounts in the December 31, 2013 financial statements were restated to conform to the 2014 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, 2014) through October 4, 2015, 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, 2014.