

COMMUNITY THREAD
FINANCIAL REPORT
DECEMBER 31, 2017

COMMUNITY THREAD

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Thread
Stillwater, Minnesota

We have audited the accompanying financial statements of Community Thread which comprise the statement of financial position as of December 31, 2017, and 2016 and the related statements of activities, cash flows and functional expenses for the years then ended and the related notes to 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.

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 from 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 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.

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, 2017, and 2016 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.

March 1, 2018

COMMUNITY THREAD

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	ASSETS	
	2017	2016
ASSETS		
Cash		
Checking accounts, non-interest bearing	\$ 126,998	\$ 191,029
Money market account	19,119	15,485
Accounts receivable	971	1,067
Pledges receivable	-	20,000
Prepaid expenses	4,289	4,261
Property and equipment, at cost		
less accumulated depreciation of \$427,115 and		
\$399,927 respectively	534,832	481,245
Total assets	\$ 686,209	\$ 713,087
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,520	\$ 8,432
Accrued expenses	13,623	12,488
Total liabilities	16,143	20,920
COMMITMENT AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Undesignated	663,720	610,247
Total unrestricted	663,720	610,247
Temporarily restricted	6,346	81,920
Total net assets	670,066	692,167
	\$ 686,209	\$ 713,087

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF ACTIVITIES
Years ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Public contributions	\$ 182,697	\$ 1,000	\$ 183,697	\$ 180,231	\$ 36,210	\$ 216,441
Private contributions	172,750	163,401	336,151	238,206	259,895	498,101
Total support	<u>355,447</u>	<u>164,401</u>	<u>519,848</u>	<u>418,437</u>	<u>296,105</u>	<u>714,542</u>
Revenue						
Interest	97	-	97	95	-	95
Purchase of services	8,902	-	8,902	9,299	-	9,299
Sales and other	47,975	-	47,975	39,300	-	39,300
Total revenue	<u>56,974</u>	<u>-</u>	<u>56,974</u>	<u>48,694</u>	<u>-</u>	<u>48,694</u>
Net assets released from restrictions	<u>239,975</u>	<u>(239,975)</u>	<u>-</u>	<u>214,185</u>	<u>(214,185)</u>	<u>-</u>
Total support and revenue	<u>652,396</u>	<u>(75,574)</u>	<u>576,822</u>	<u>681,316</u>	<u>81,920</u>	<u>763,236</u>
EXPENSES						
Program services	428,212	-	428,212	429,209	-	429,209
Management and general	99,985	-	99,985	67,954	-	67,954
Fundraising	70,726	-	70,726	62,117	-	62,117
Total expenses	<u>598,923</u>	<u>-</u>	<u>598,923</u>	<u>559,280</u>	<u>-</u>	<u>559,280</u>
(Decrease) increase in net assets	53,473	(75,574)	(22,101)	122,036	81,920	203,956
Net assets, beginning of year	<u>610,247</u>	<u>81,920</u>	<u>692,167</u>	<u>488,211</u>	<u>-</u>	<u>488,211</u>
Net assets, end of year	<u>\$ 663,720</u>	<u>\$ 6,346</u>	<u>\$ 670,066</u>	<u>\$ 610,247</u>	<u>\$ 81,920</u>	<u>\$ 692,167</u>

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (22,101)	\$ 203,956
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,188	21,964
Decrease in accounts receivable	96	118
Decrease (increase) in pledges receivable	20,000	(20,000)
(Increase) decrease in prepaid expenses	(27)	(190)
(Decrease) increase in accounts payable	(5,912)	4,360
Increase (decrease) in accrued expenses	1,134	(13,320)
Net cash provided by operating activities	20,378	196,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(80,775)	(129,591)
Net cash used in investing activities	(80,775)	(129,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	55,000	-
Repayments of short-term borrowings	(55,000)	-
Net cash provided by financing activities	-	-
NET (DECREASE) INCREASE IN CASH	(60,397)	67,297
CASH, beginning of year	206,514	139,217
CASH, end of year	\$ 146,517	\$ 206,514
SUPPLEMENTARY INFORMATION		
Cash paid for interest	\$ 102	\$ -

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program Services				Supporting Services		Total Expenses
	Senior Center	Bayport Sr. Center	Chore Services/ Transportation	Volunteer Center/ Holiday Hope	Management and General	Fund Raising	
Personnel							
Staff salaries and expenses	\$ 63,955	\$ 54,356	\$ 59,947	\$ 115,822	\$ 52,861	\$ 56,718	\$ 403,659
Volunteer expense reimbursements	-	208	3,097	1,333	1,882	-	6,520
Occupancy	-	47,196	-	-	-	-	47,196
Rent	7,386	2,857	3,727	5,865	8,078	-	27,913
Utilities and maintenance							
Operations							
Communications	4,257	3,072	2,522	6,922	16,874	5,317	38,964
Supplies and equipment	7,515	-	50	1,170	10,146	5	18,886
Other administrative expense	2,106	957	1,739	1,726	8,101	8,686	23,315
Direct program expenses	-	-	-	5,282	-	-	5,282
Total expenses before depreciation	85,219	108,646	71,082	138,120	97,942	70,726	571,735
Depreciation of furniture, equipment, improvements	22,037	1,415	443	1,250	2,043	-	27,188
Total Expenses	\$ 107,256	\$ 110,061	\$ 71,525	\$ 139,370	\$ 99,985	\$ 70,726	\$ 598,923

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Program Services				Supporting Services		Total Expenses
	Senior Center	Bayport Sr. Center	Trans- portation	Volunteer Center/ Holiday Hope	Management and General	Fund Raising	
Personnel	\$ 67,960	\$ 48,484	\$ 38,476	\$ 141,161	\$ 24,399	\$ 58,697	\$ 379,177
Staff salaries and expenses	-	-	2,659	918	564	-	4,141
Volunteer expense reimbursements	-	45,790	-	-	-	-	45,790
Occupancy	5,960	2,162	2,989	4,464	8,528	117	24,220
Rent	3,443	2,470	2,019	3,862	17,570	2,560	31,924
Utilities and maintenance	7,670	1,587	107	13,941	6,683	743	30,731
Operations	6,523	915	1,662	1,652	8,166	-	18,918
Communications	-	-	-	2,415	-	-	2,415
Supplies and equipment	91,556	101,408	47,912	168,413	65,910	62,117	537,316
Other administrative expense	16,813	1,414	443	1,250	2,044	-	21,964
Direct program expenses	\$ 108,369	\$ 102,822	\$ 48,355	\$ 169,663	\$ 67,954	\$ 62,117	\$ 559,280
Total program expenses							
Total expenses before depreciation				429,209			130,071
Depreciation of furniture, equipment, improvements				19,920			2,044
Total Expenses				449,129			132,115

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.

Chore Services and Transportation Program. The Chore Services Program was established to assist seniors and individuals with disabilities living in the Stillwater Area. By engaging volunteers, Chore Services helps fill requests for basic home maintenance assistance, such as window washing, gardening, minor indoor repairs, and cleaning, with the goal of making it easier for individuals to remain living at home. The Transportation Program engages volunteer drivers who take people to and from needed medical or other wellness appointments, at a nominal charge. This service is available 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Services to support Volunteerism:

Volunteer Center and Holiday Hope. 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. In addition, 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.

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- 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, 2016 and 2015 consisted of the following:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 199,121	\$ 197,458
Building	277,961	277,961
Office furniture and equipment	182,004	171,024
Building improvements	<u>302,861</u>	<u>234,729</u>
	961,947	881,172
Less: accumulated depreciation	<u>427,115</u>	<u>399,927</u>
	<u>\$ 534,832</u>	<u>\$ 481,245</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 leased space for the Bayport Senior Center during 2014 and through June 2015 under a month-to month lease at a monthly rent of \$3,000. As of July 1, 2015, the Organization moved to a new facility. In conjunction with that move, the Organization signed a ten-year lease until June 30, 2025 calling for minimum monthly rentals of \$3,741. Minimum annual rentals under this new lease are \$45,204 for each of the next five years.

Rent expense under these lease agreements was \$47,196 in 2017 and \$45,790 in 2016.

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 \$2,169 and \$4,022 at December 31, 2017 and 2016 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, 2017 and 2016, 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, 2017, the Fund's assets totaled \$19,658 and \$763 was distributable at that date.

Note 7. Comparative Amounts

Certain amounts in the December 31, 2016 financial statements were restated to conform to the 2017 financial statement presentation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8. Line of Credit

In October 2012, The Organization entered a line of credit arrangement with MidwestOne Bank (formerly Central Bank). The arrangement allows the Organization to borrow up to \$100,000. Interest is payable at variable rates (5.00% at December 31, 2017) through October 4, 2018, when the outstanding principal balance is due. Any outstanding principal balance is secured by a mortgage on real property. There was no outstanding balance on this line of credit arrangement at December 31, 2017.

Note 9. Capital Campaign

During 2016, the Organization commenced a capital campaign, to raise support for various capital improvements. Through December 31, 2017, the Organization received \$215,710, from foundations, and \$21,000 from individuals in response to the campaign. Capital expenditures through December 31, 2017 were \$230,364, leaving \$6,346 to be spent in 2018. The \$6,346 is included in Temporarily Restricted Assets at December 31, 2017.