

COMMUNITY THREAD

FINANCIAL REPORT

DECEMBER 31, 2019

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, 2019, and 2018 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, 2018, and 2017 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 11, 2020

COMMUNITY THREAD

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	ASSETS	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash		
Checking accounts	\$ 153,616	\$ 115,295
Money market account	38,416	28,126
Accounts receivable	2,510	1,090
Prepaid expenses	6,677	4,371
Property and equipment, at cost		
less accumulated depreciation of \$487,366 and		
\$456,667 respectively	<u>505,315</u>	<u>523,797</u>
Total assets	<u>\$ 706,534</u>	<u>\$ 672,679</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 3,287	\$ 2,816
Accrued expenses	<u>20,630</u>	<u>17,088</u>
Total liabilities	<u>23,917</u>	<u>19,904</u>
COMMITMENT AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Undesignated	<u>651,841</u>	<u>631,999</u>
Total unrestricted	651,841	631,999
Temporarily restricted	<u>30,776</u>	<u>20,776</u>
Total net assets	<u>682,617</u>	<u>652,775</u>
	<u>\$ 706,534</u>	<u>\$ 672,679</u>

See Notes to Financial Statements

COMMUNITY THREAD
STATEMENTS OF ACTIVITIES
Years ended December 31, 2019 and 2018

	2019			2018		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Public contributions	\$ 178,830	\$ 27,500	\$ 206,330	\$ 200,849	\$ 1,000	\$ 201,849
Private contributions	185,052	223,999	409,051	165,500	185,230	350,730
Total support	<u>363,882</u>	<u>251,499</u>	<u>615,381</u>	<u>366,349</u>	<u>186,230</u>	<u>552,579</u>
Revenue						
Interest	415	-	415	240	-	240
Purchase of services	19,845	-	19,845	2,160	-	2,160
Sales and other	70,673	-	70,673	56,303	-	56,303
Total revenue	<u>90,933</u>	<u>-</u>	<u>90,933</u>	<u>58,703</u>	<u>-</u>	<u>58,703</u>
Net assets released from restrictions	<u>241,499</u>	<u>(241,499)</u>	<u>-</u>	<u>171,800</u>	<u>(171,800)</u>	<u>-</u>
Total support and revenue	<u>696,314</u>	<u>10,000</u>	<u>706,314</u>	<u>596,852</u>	<u>14,430</u>	<u>611,282</u>
EXPENSES						
Program services	484,428	-	484,428	441,667	-	441,667
Management and general	92,433	-	92,433	94,099	-	94,099
Fundraising	99,611	-	99,611	92,797	-	92,797
Total expenses	<u>676,472</u>	<u>-</u>	<u>676,472</u>	<u>628,573</u>	<u>-</u>	<u>628,573</u>
Increase (decrease) in net assets	19,842	10,000	29,842	(31,721)	14,430	(17,291)
Net assets, beginning of year	<u>631,999</u>	<u>20,776</u>	<u>652,775</u>	<u>663,720</u>	<u>6,346</u>	<u>670,066</u>
Net assets, end of year	<u>\$ 651,841</u>	<u>\$ 30,776</u>	<u>\$ 682,617</u>	<u>\$ 631,999</u>	<u>\$ 20,776</u>	<u>\$ 652,775</u>

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF CASH FLOWS
Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 29,842	\$ (17,291)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,699	29,552
Increase in accounts receivable	(1,420)	(109)
Increase in prepaid expenses	(2,306)	(82)
Increase in accounts payable	471	296
Increase in accrued expenses	3,542	3,465
Net cash provided by operating activities	<u>60,828</u>	<u>15,831</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(12,217)</u>	<u>(18,927)</u>
Net cash used in investing activities	<u>(12,217)</u>	<u>(18,927)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	25,000	22,000
Repayments of short-term borrowings	<u>(25,000)</u>	<u>(22,000)</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	48,611	(3,096)
CASH, beginning of year	<u>143,421</u>	<u>146,517</u>
CASH, end of year	<u><u>\$ 192,032</u></u>	<u><u>\$ 143,421</u></u>
SUPPLEMENTARY INFORMATION		
Cash paid for interest	<u><u>\$ 53</u></u>	<u><u>\$ 49</u></u>

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services				Supporting Services			Total Expenses
	Senior Center	Bayport Sr. Center	Chore Services/ Transportation	Volunteer Center/ Holiday Hope	Management and General	Fund Raising	Total	
Personnel	\$ 34,880	\$ 65,772	\$ 61,628	\$ 137,915	\$ 48,225	\$ 91,576	\$ 139,801	\$ 439,996
Staff salaries and expenses	-	-	95	6,621	165	-	165	6,881
Volunteer expense reimbursements	-	48,922	-	-	-	-	-	48,922
Occupancy	8,987	1,375	485	9,673	10,169	-	10,169	30,689
Rent	10,193	3,928	54	10,567	21,454	824	22,278	47,020
Utilities and maintenance	11,734	2,198	-	544	1,679	-	1,679	16,155
Operations	1,942	1,190	1,576	2,054	8,697	7,211	15,908	22,670
Communications	4,150	-	-	29,289	-	-	-	33,439
Supplies and equipment	71,886	123,385	63,838	196,663	90,389	99,611	190,000	645,773
Other administrative expense	25,548	1,415	442	1,250	2,044	-	2,044	30,699
Direct program expenses	\$ 97,434	\$ 124,800	\$ 64,280	\$ 197,913	\$ 92,433	\$ 99,611	\$ 192,044	\$ 676,472
Total program expenses								
Total expenses before depreciation								
Depreciation of furniture, equipment, improvements								
Total Expenses								

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COMMUNITY THREAD

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services					Supporting Services			Total Expenses
	Senior Center	Bayport Sr. Center	Chore Services/ Transportation	Volunteer Center/ Holiday Hope	Total	Management and General	Fund Raising	Total	
Personnel									
Staff salaries and expenses	\$ 63,592	\$ 55,834	\$ 60,905	\$ 110,841	\$ 291,172	\$ 45,891	\$ 81,324	\$ 127,215	\$ 418,387
Volunteer expense reimbursements	-	-	4,308	11,342	15,650	455	-	455	16,105
Occupancy	-	48,107	-	-	48,107	-	-	-	48,107
Rent	6,937	3,612	2,935	5,870	19,354	8,005	-	8,005	27,359
Utilities and maintenance									
Operations	5,139	3,142	3,126	8,333	19,740	26,445	5,074	31,519	51,259
Communications	5,581	125	50	3,689	9,445	3,158	-	3,158	12,603
Supplies and equipment	1,942	1,190	1,576	2,054	6,762	8,102	6,399	14,501	21,263
Other administrative expense	-	-	-	3,938	3,938	-	-	-	3,938
Direct program expenses									
Total expenses before depreciation	83,191	112,010	72,900	146,067	414,168	92,056	92,797	184,853	599,021
Depreciation of furniture, equipment, improvements	24,401	1,415	443	1,250	27,509	2,043	-	2,043	29,552
Total Expenses	\$ 107,592	\$ 113,425	\$ 73,343	\$ 147,317	\$ 441,677	\$ 94,099	\$ 92,797	\$ 186,896	\$ 628,573

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.

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 Stillwater School District 834. 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, 2019 and 2018 consisted of the following:

	2019	2018
Land and improvements	\$ 199,121	\$ 199,121
Building	277,961	277,961
Office furniture and equipment	201,168	188,951
Building improvements	314,431	314,431
	<u>992,681</u>	<u>980,464</u>
Less: accumulated depreciation	487,366	456,667
	<u>\$ 505,315</u>	<u>\$ 523,797</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. There are additional monthly charges for cleaning.

Rent expense under these lease agreements was \$48,923 in 2019 and \$48,107 in 2018.

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 \$1,692 and \$349 at December 31, 2019 and 2018 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, 2019 and 2018, 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, 2018, the Fund's assets totaled \$18,438 and \$811 was distributable at that date.

Note 7. Comparative Amounts

Certain amounts in the December 31, 2018 financial statements were restated to conform to the 2019 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 (3.125% at December 31, 2019) through October 4, 2020, 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, 2019.

Note 9. Capital Campaign

During 2016, the Organization commenced a capital campaign, to raise support for various capital improvements. Through December 31, 2019, the Organization received \$249,210, from foundations, and \$29,500 from individuals in response to the campaign. Capital expenditures through December 31, 2019 were \$247,934, leaving \$30,776 to be spent in 2020. The \$30,776 is included in Temporarily Restricted Assets at December 31, 2019.