

COMMUNITY THREAD

FINANCIAL REPORT

DECEMBER 31, 2018

COMMUNITY THREAD

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Statement of functional expenses-year ended December 31, 2018	5
Statement of functional expenses-year ended December 31, 2017	6
Notes to financial statements	7-11

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, 2018, and 2017 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 19, 2019

COMMUNITY THREAD

STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	ASSETS	
	2018	2017
ASSETS		
Cash		
Checking accounts, non-interest bearing	\$ 115,295	\$ 126,998
Money market account	28,126	19,119
Accounts receivable	1,090	971
Pledges receivable	-	-
Prepaid expenses	4,371	4,289
Property and equipment, at cost		
less accumulated depreciation of \$456,667 and \$427,115 respectively	523,797	534,832
Total assets	\$ 672,679	\$ 686,209
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,816	\$ 2,520
Accrued expenses	17,088	13,623
Total liabilities	19,904	16,143
COMMITMENT AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Undesignated	631,999	663,720
Total unrestricted	631,999	663,720
Temporarily restricted	20,776	6,346
Total net assets	652,775	670,066
	\$ 672,679	\$ 686,209

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF ACTIVITIES
Years ended December 31, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Public contributions	\$ 200,849	\$ 1,000	\$ 201,849	\$ 182,697	\$ 1,000	\$ 183,697
Private contributions	165,500	185,230	350,730	172,750	163,401	336,151
Total support	<u>366,349</u>	<u>186,230</u>	<u>552,579</u>	<u>355,447</u>	<u>164,401</u>	<u>519,848</u>
Revenue						
Interest	240	-	240	97	-	97
Purchase of services	2,160	-	2,160	8,902	-	8,902
Sales and other	56,303	-	56,303	47,975	-	47,975
Total revenue	<u>58,703</u>	<u>-</u>	<u>58,703</u>	<u>56,974</u>	<u>-</u>	<u>56,974</u>
Net assets released from restrictions	<u>171,800</u>	<u>(171,800)</u>	<u>-</u>	<u>239,975</u>	<u>(239,975)</u>	<u>-</u>
Total support and revenue	<u>596,852</u>	<u>14,430</u>	<u>611,282</u>	<u>652,396</u>	<u>(75,574)</u>	<u>576,822</u>
EXPENSES						
Program services	441,677	-	441,677	428,212	-	428,212
Management and general	94,099	-	94,099	99,985	-	99,985
Fundraising	92,797	-	92,797	70,726	-	70,726
Total expenses	<u>628,573</u>	<u>-</u>	<u>628,573</u>	<u>598,923</u>	<u>-</u>	<u>598,923</u>
(Decrease) increase in net assets	(31,721)	14,430	(17,291)	53,473	(75,574)	(22,101)
Net assets, beginning 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>
Net assets, end 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>

See Notes to Financial Statements

COMMUNITY THREAD

STATEMENTS OF CASH FLOWS
Years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (17,291)	\$ (22,101)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,552	27,188
(Increase) decrease in accounts receivable	(109)	96
Decrease in pledges receivable	-	20,000
(Increase) in prepaid expenses	(82)	(27)
Increase (decrease) in accounts payable	296	(5,912)
Increase in accrued expenses	3,465	1,134
Net cash provided by operating activities	15,831	20,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,927)	(80,775)
Net cash used in investing activities	(18,927)	(80,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	22,000	55,000
Repayments of short-term borrowings	(22,000)	(55,000)
Net cash provided by financing activities	-	-
NET DECREASE IN CASH	(3,096)	(60,397)
CASH, beginning of year	146,517	206,914
CASH, end of year	\$ 143,421	\$ 146,517
 SUPPLEMENTARY INFORMATION		
Cash paid for interest	\$ 49	\$ 102

See Notes to Financial Statements

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

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							
Rent	-	47,196	-	-	-	-	47,196
Utilities and maintenance	7,386	2,857	3,727	5,865	8,078	-	27,913
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 program 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

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, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 199,121	\$ 199,121
Building	277,961	277,961
Office furniture and equipment	188,951	182,004
Building improvements	314,431	302,861
	<u>980,464</u>	<u>961,947</u>
Less: accumulated depreciation	456,667	427,115
	<u>\$ 523,797</u>	<u>\$ 534,832</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 \$48,107 in 2018 and \$47,196 in 2017.

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 \$349 and \$2,169 at December 31, 2018 and 2017 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, 2018 and 2017, 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, 2017 financial statements were restated to conform to the 2018 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, 2018) through October 4, 2019, 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, 2018.

Note 9. Capital Campaign

During 2016, the Organization commenced a capital campaign, to raise support for various capital improvements. Through December 31, 2018, the Organization received \$246,710, from foundations, and \$22,000 from individuals in response to the campaign. Capital expenditures through December 31, 2018 were \$247,934, leaving \$20,776 to be spent in 2019. The \$20,776 is included in Temporarily Restricted Assets at December 31, 2018.