

# **COMMUNITYWORKS, INC.**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2013 and 2012**



**Junkermier • Clark**

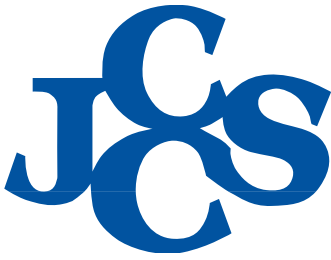
**Campanella • Stevens • P.C.**

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Certified Public Accountants and Business Advisors

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Certified Public Accountants and Business Advisors

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Management  
CommunityWorks, Inc.  
Helena, MT

We have audited the accompanying statements of financial position of CommunityWorks, Inc. (a nonprofit organization) as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 in order 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CommunityWorks, Inc. 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.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana  
September 19, 2014

**COMMUNITYWORKS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>December 31</b>	
	<b>2013</b>	<b>2012</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 125,597	\$ 108,988
Accounts receivable	18,551	5,344
Pledges receivable	3,240	11,365
Inventory	3,905	6,217
	151,293	131,914
<b>OTHER ASSETS</b>		
Noncurrent pledges receivable, net	49,114	226
<b>FIXED ASSETS</b>		
Fixed assets, net	1,994,026	2,051,622
Total assets	\$ 2,194,433	\$ 2,183,762

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 26,287	\$ 24,971
Payroll liabilities	16,987	15,557
Line of credit	17,510	17,510
Current portion of long-term debt	5,138	15,445
	65,922	73,483
<b>LONG-TERM DEBT</b>		
Note payable	-	5,141
<b>NET ASSETS</b>		
Unrestricted	2,066,257	2,032,841
Temporarily restricted	62,254	72,297
	2,128,511	2,105,138
Total liabilities and net assets	\$ 2,194,433	\$ 2,183,762

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
<b>EARNED INCOME</b>			
Admissions	\$ 53,921	\$ -	\$ 53,921
Membership	62,313	-	62,313
Program fees	75,141	-	75,141
Event income	69,262	-	69,262
Other earned income	<u>60,769</u>	<u>-</u>	<u>60,769</u>
	321,406	-	321,406
 Cost of goods sold	 <u>(46,038)</u>	 <u>-</u>	 <u>(46,038)</u>
Contribution margin	<u>275,368</u>	<u>-</u>	<u>275,368</u>
 <b>OTHER REVENUE</b>			
Grants	32,779	108,928	141,707
In-kind	21,534	-	21,534
Sponsorships	17,825	18,825	36,650
Other contributed income	169,801	67,620	237,421
Other income	9,039	-	9,039
Net assets released from restrictions	<u>205,416</u>	<u>(205,416)</u>	<u>-</u>
Total revenues and support	<u>731,762</u>	<u>(10,043)</u>	<u>721,719</u>
 <b>EXPENSES</b>			
Program expenses	546,230	-	546,230
Management and general expenses	70,301	-	70,301
Fundraising expenses	<u>81,815</u>	<u>-</u>	<u>81,815</u>
	<u>698,346</u>	<u>-</u>	<u>698,346</u>
 <b>CHANGE IN NET ASSETS</b>	 33,416	 (10,043)	 23,373
 <b>NET ASSETS, beginning of year</b>	 <u>2,032,841</u>	 <u>72,297</u>	 <u>2,105,138</u>
 <b>NET ASSETS, end of year</b>	 <u>\$ 2,066,257</u>	 <u>\$ 62,254</u>	 <u>\$ 2,128,511</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT EARNED INCOME</b>			
Admissions	\$ 62,767	\$ -	\$ 62,767
Membership	57,929	-	57,929
Program fees	72,504	-	72,504
Event income	37,979	-	37,979
Other earned income	<u>62,867</u>	<u>-</u>	<u>62,867</u>
	294,046	-	294,046
 Cost of goods sold	 <u>(34,558)</u>	 <u>-</u>	 <u>(34,558)</u>
Contribution margin	<u>259,488</u>	<u>-</u>	<u>259,488</u>
 <b>OTHER REVENUE</b>			
Grants	26,701	222,959	249,660
In-kind	140,341	-	140,341
Sponsorships	-	38,100	38,100
Other contributed income	142,225	6,700	148,925
Investment income	1,382	-	1,382
Net assets released from restrictions	<u>239,813</u>	<u>(239,813)</u>	<u>-</u>
Total revenues and support	<u>809,950</u>	<u>27,946</u>	<u>837,896</u>
 <b>EXPENSES</b>			
Program expenses	619,950	-	619,950
Management and general expenses	72,762	-	72,762
Fundraising expenses	<u>91,182</u>	<u>-</u>	<u>91,182</u>
	<u>783,894</u>	<u>-</u>	<u>783,894</u>
 <b>CHANGE IN NET ASSETS</b>	 26,056	 27,946	 54,002
 <b>NET ASSETS, beginning of year</b>	 <u>2,006,785</u>	 <u>44,351</u>	 <u>2,051,136</u>
 <b>NET ASSETS, end of year</b>	 <u>\$ 2,032,841</u>	 <u>\$ 72,297</u>	 <u>\$ 2,105,138</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2013**

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 9,546	\$ 50	\$ -	\$ 9,596
Bad debt	-	-	8,079	8,079
Bank charges	7,060	405	31	7,496
Contract labor	1,010	-	-	1,010
Computer support/security	4,288	-	50	4,338
Depreciation and amortization	155,022	-	-	155,022
Dues and subscriptions	4,609	1,009	150	5,768
Equipment rental	3,185	265	140	3,590
Exhibit rental	4,655	-	-	4,655
Gain/loss on disposal of assets	7,003	-	-	7,003
Insurance	8,111	3,129	-	11,240
Interest	-	1,006	-	1,006
Janitorial	12,872	738	-	13,610
Licenses and permits	140	85	-	225
Other	1,669	3,738	113	5,520
Postage and delivery	2,045	227	459	2,731
Printing	3,693	16	695	4,404
Professional fees	15,039	10,805	-	25,844
Professional development	-	1,000	-	1,000
Property tax	-	1,001	-	1,001
Repairs and maintenance	9,962	-	-	9,962
Salaries and benefits	246,608	43,180	71,415	361,203
Supplies	28,565	1,882	670	31,117
Telephone and internet	3,484	627	-	4,111
Transportation and storage	7,220	-	-	7,220
Travel	366	35	-	401
Utilities	9,952	1,103	-	11,055
Volunteer support	<u>126</u>	<u>-</u>	<u>13</u>	<u>139</u>
Total expenses	<u>\$ 546,230</u>	<u>\$ 70,301</u>	<u>\$ 81,815</u>	<u>\$ 698,346</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2012**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 20,925	\$ 500	\$ -	\$ 21,425
Bad debt	-	-	885	885
Bank charges	6,181	469	22	6,672
Computer support/security	5,200	335	-	5,535
Depreciation and amortization	127,281	-	-	127,281
Donor cultivation	-	-	125	125
Dues and subscriptions	7,170	377	-	7,547
Equipment rental	2,506	164	315	2,985
Gain/loss on disposal of assets	8,896	-	-	8,896
Insurance	9,481	1,344	-	10,825
Interest	-	1,883	-	1,883
Janitorial	16,673	877	-	17,550
Licenses and permits	155	279	10	444
Other	2,959	2,763	618	6,340
Postage and delivery	3,033	366	327	3,726
Printing	3,625	-	2,061	5,686
Professional fees	56,787	13,518	5,600	75,905
Professional development	25	-	-	25
Property tax	-	989	-	989
Repairs and maintenance	11,271	593	-	11,864
Salaries and benefits	282,407	44,477	80,971	407,855
Supplies	29,867	1,853	233	31,953
Telephone and internet	3,990	418	-	4,408
Transportation and storage	7,339	-	-	7,339
Travel	3,665	407	-	4,072
Utilities	10,484	1,150	15	11,649
Volunteer support	<u>30</u>	<u>-</u>	<u>-</u>	<u>30</u>
Total expenses	<u>\$ 619,950</u>	<u>\$ 72,762</u>	<u>\$ 91,182</u>	<u>\$ 783,894</u>

See the notes to financial statements



**COMMUNITYWORKS, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Years ended December 31</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 23,373	\$ 54,002
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Bad debt expense	8,079	885
Donated fixed assets	-	(116,041)
Depreciation and amortization	155,022	127,281
Loss on disposal of assets	7,003	8,896
(Increase) decrease in:		
Accounts and pledges receivable	(62,049)	2,525
Inventory	2,312	(1,636)
Increase (decrease) in:		
Trade accounts payable	1,316	20,178
Payroll, payroll benefits, and payroll taxes	<u>1,430</u>	<u>4,449</u>
Net cash from operating activities	<u>136,486</u>	<u>100,539</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid to acquire property and equipment	<u>(104,429)</u>	<u>(48,193)</u>
Net cash from investing activities	<u>(104,429)</u>	<u>(48,193)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from line of credit	-	17,510
Cash paid for principal payments on long-term debt	<u>(15,448)</u>	<u>(14,648)</u>
Net cash from financing activities	<u>(15,448)</u>	<u>2,862</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	16,609	55,208
Cash and cash equivalents, beginning of year	<u>108,988</u>	<u>53,780</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 125,597</u>	<u>\$ 108,988</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid during the period for interest	<u>\$ 1,006</u>	<u>\$ 1,883</u>
Schedule of Noncash Investing and Financing Transactions		
Contributions of property and equipment	<u>\$ -</u>	<u>\$ 116,041</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities***

CommunityWorks, Inc. operates as a non-profit organization located in Helena, Montana. CommunityWorks, Inc. developed ExplorationWorks, which is an interactive science center. ExplorationWorks opened to the public in November 2007. ExplorationWorks is an innovative, hands-on science center offering programs and exhibits that provide diverse audiences with an engaging discovery of the sciences, technology, math, and engineering. During the year ended December 31, 2013, approximately 36% of the Organization's revenues are derived from contributed income, including in-kind donations, and another 20% are derived from federal grants.

***Basis of Presentation***

These financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenue is recorded when earned, and expenses are recorded when incurred.

In accordance with U.S. GAAP, restricted contributions received and expensed in the same fiscal year are recorded as unrestricted revenues. Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The following describes the Organization's net assets:

**Unrestricted Net Assets** - Net assets available to the Organization for day-to-day activities and not subject to donor-imposed stipulation.

**Temporarily Restricted Net Assets** - Net assets restricted by time and/or purpose by the donor.

**Permanently Restricted Net Assets** - Net assets contributed with donor stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of December 31, 2013 or 2012.

***Inventories***

Inventories consist primarily of merchandise sold in the gift shop and coffee cart. They are stated at the lower of cost or market with cost determined on the first-in, first-out (FIFO) basis.

***Cash and Cash Equivalents***

The Organization considers all highly liquid assets purchased with an original maturity of three months or less to be cash equivalents. At times during the year, the Organization's deposits with financial institutions may be in excess of FDIC insured limits.

***Accounts Receivable***

The Organization considers trade accounts receivable to be fully collectible; accordingly, management estimates the allowance for doubtful accounts to be zero at December 31, 2013 or 2012. If amounts become uncollectible, they will be charged to operations when that determination is made.

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

***Depreciation***

Property, plant, and equipment are stated at historical cost. The Organization established a threshold of \$500 for capitalization of depreciable assets with an expected useful life greater than one year. Contributed assets are recorded based on the estimated fair value of the asset. Fixed assets are depreciated on a straight-line basis. Estimated useful lives for depreciable assets are as follows:

Buildings	20 years
Building improvements	5-10 years
Vehicles and equipment	5-10 years

***Compensated Absences***

All full-time regular employees earn vacation based on their anniversary date with the Organization. Part-time employees working at least 30 hours per week accumulate vacation in a prorated manner in accordance with the number of hours normally worked. Employees may not accrue, at any given time, a total of more than one year's vacation time. Upon termination, voluntary or involuntary, accrued vacation leave will be paid in full.

***Income Tax***

CommunityWorks, Inc., is exempt from federal income tax as an entity described in Internal Revenue Code (IRC) Section 501(c)(3) except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. The Organization did not incur unrelated business income tax for the years ended December 31, 2013 and 2012. Accordingly, no provision for income taxes has been made. The Organization's federal form 990 is generally subject to examination by taxing authorities for the later of three years after the due date or the date filed.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

***Advertising Costs***

The Organization uses advertising to promote its programs among the customers it serves. The cost of advertising is expensed as incurred. Advertising expense for the years ended December 31, 2013 and 2012 was \$9,596 and \$21,425, respectively.

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

*Contributed Materials and Services*

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The amounts of contributed services and property for the year ended December 31, 2013 and 2012 was \$21,534 and \$140,341, respectively.

In addition, a number of volunteers have donated significant amounts of time to the Organization's program services and supporting activities. Although essential to operations, these in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

**2. PLEDGES RECEIVABLE**

Unconditional promises to give are recorded as receivables and revenue when received. The allowance for uncollectible pledges is based on management's estimate of 3% of the outstanding balance and specific identification of uncollectible balances. The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions.

Pledges receivable consist of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Pledges receivable, due in 1 year	\$ 3,240	\$ 11,365
Pledges receivable, due in 1-5 years	<u>57,717</u>	<u>750</u>
Total	60,957	12,115
Less:		
Allowance for uncollectible pledges	<u>(8,603)</u>	<u>(524)</u>
Net pledges receivable	<u>\$ 52,354</u>	<u>\$ 11,591</u>

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**3. FIXED ASSETS**

Fixed assets consist of the following at December 31:

	<b>2013</b>	<b>2012</b>
Building - CW Facility	\$ 1,378,726	\$ 1,378,726
Land	275,000	275,000
Equipment	124,284	110,679
Exhibits in progress	-	21,381
Exhibits	588,368	494,231
Software	16,041	16,041
	2,382,419	2,296,058
Less accumulated depreciation	(383,313)	(242,565)
Less accumulated amortization	(5,080)	(1,871)
Fixed assets, net	\$ 1,994,026	\$ 2,051,622

**4. LINE OF CREDIT AND NOTE PAYABLE**

**Line of Credit**

The Organization has a \$20,157 line of credit with American Federal Savings Bank to help finance its short-term capital needs. The amounts borrowed under the agreement bear interest at 6.50%. At December 31, 2013 and 2012 the Organization had outstanding borrowings under this line of credit of \$17,510.

**Note Payable**

Note payable to American Federal Savings Bank of Helena in monthly installments of \$1,355 including interest at 6.0% through March 2014.

	<b>2013</b>	<b>2012</b>
	\$ 5,138	\$ 20,586

The balance of the note payable at December 31, 2013 is expected to be paid within one year and, therefore, is classified as current.

**5. RELATED PARTIES**

Related party transactions consist of contributions and pledges of future contributions by members of the Board of Directors. Other board contributions include in-kind contributions of material and services.

**6. COMMUNITYWORKS, INC. FACILITY**

The CommunityWorks, Inc. facility is owned through a tenant-in-common with the City of Helena through an agreement dated in October 2004. The Organization owns 58.47% and the City owns 41.53%. At December 31, 2013 and 2012, the balance of the share belonging to the Organization was \$1,378,726.

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013 and 2012**

**7. BENEFICIAL INTEREST IN ASSETS HELD AT MONTANA COMMUNITY FOUNDATION**

The Organization is the designated beneficiary of endowment funds held at the Montana Community Foundation (MCF). The donors granted the variance power to the MCF, therefore, in accordance with FASB ASC 958-605-25-25, the balance of the endowment account is not recorded in the statements of financial position. Variance power gives the MCF complete control and ownership of the asset. Consequently, the asset is included in the MCF's statement of financial position. The earnings on the endowment fund held at the MCF are paid to the beneficiary, namely CommunityWorks, Inc., at the discretion of the MCF's Board of Directors. Earnings distributed by the MCF to the Organization are recorded as contributions in the year of receipt.

The total amount of the endowment account that is not included in the Organization's statements of financial position is \$18,253 and \$4,532 at December 31, 2013 and 2012, respectively.

**8. TEMPORARILY RESTRICTED NET ASSETS**

**Temporarily restricted net assets were available for the following purposes during the fiscal year ended December 31:**

	<u>2013</u>	<u>2012</u>
Beginning balance - January 1	\$ 72,297	\$ 44,351
Additions:		
Camps	3,750	3,100
Programs & scholarships	34,490	46,017
Teacher resource center	-	18,485
Staffing	3,690	6,400
Events	45,025	23,900
Building	31,457	24,355
Exhibits	51,761	126,862
Equipment and education	<u>25,200</u>	<u>18,640</u>
Total additions	<u>195,373</u>	<u>267,759</u>

**Temporarily restricted net assets were used for the following programs and released from restriction during the fiscal year:**

Camps	3,750	3,100
Programs & scholarships	14,795	45,717
Teacher resource center	5,931	81
Staffing	3,690	10,900
Events	45,025	23,900
Building	21,457	24,354
Exhibits	51,860	126,863
Equipment and education	<u>58,908</u>	<u>4,898</u>
Total released from restriction	<u>205,416</u>	<u>239,813</u>
Ending balance - December 31	<u>\$ 62,254</u>	<u>\$ 72,297</u>

**9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 19, 2014 the date on which the financial statements were available to be issued.