

# **COMMUNITYWORKS, INC.**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**



**COMMUNITYWORKS, INC.  
CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	2
<b>AUDITED FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statement of Activities	4 - 5
Statement of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 13

## 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, 2015 and 2014, 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, 2015 and 2014, 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 21, 2016

**COMMUNITYWORKS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**Year Ended December 31, 2015 and 2014**

	<b>ASSETS</b>		
		<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	29,728	\$ 115,863
Accounts receivable		6,757	10,429
Pledges receivable, net		6,587	6,896
Inventory		<u>3,633</u>	<u>3,553</u>
		<u>46,705</u>	<u>136,741</u>
<b>OTHER ASSETS</b>			
Noncurrent pledges receivable, net		<u>-</u>	<u>15,124</u>
<b>FIXED ASSETS</b>			
Fixed assets, net		<u>1,641,983</u>	<u>1,823,524</u>
Total assets	\$	<u><u>1,688,688</u></u>	\$ <u><u>1,975,389</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	11,586	\$ 4,123
Payroll liabilities		9,729	8,421
Line of credit		<u>2,013</u>	<u>16,347</u>
		<u>23,328</u>	<u>28,891</u>
<b>NET ASSETS</b>			
Unrestricted		1,665,360	1,945,476
Temporarily restricted		<u>-</u>	<u>1,022</u>
		<u>1,665,360</u>	<u>1,946,498</u>
Total liabilities and net assets	\$	<u><u>1,688,688</u></u>	\$ <u><u>1,975,389</u></u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
<b>EARNED INCOME</b>			
Admissions	\$ 58,367	\$ -	\$ 58,367
Membership	58,129	-	58,129
Program fees	76,437	-	76,437
Event income	36,757	-	36,757
Other earned income	<u>60,561</u>	<u>-</u>	<u>60,561</u>
	290,251	-	290,251
Cost of goods sold	<u>(38,543)</u>	<u>-</u>	<u>(38,543)</u>
Contribution margin	<u>251,708</u>	<u>-</u>	<u>251,708</u>
<b>OTHER REVENUE</b>			
Grants	-	18,659	18,659
In-kind	12,811	-	12,811
Sponsorships	1,500	52,095	53,595
Other contributed income	66,440	3,055	69,495
Investment income	1,165	-	1,165
Net assets released from restrictions	<u>74,831</u>	<u>(74,831)</u>	<u>-</u>
Total revenues and support	<u>408,455</u>	<u>(1,022)</u>	<u>407,433</u>
<b>EXPENSES</b>			
Program expenses	522,870	-	522,870
Management and general expenses	121,016	-	121,016
Fundraising expenses	<u>44,685</u>	<u>-</u>	<u>44,685</u>
	<u>688,571</u>	<u>-</u>	<u>688,571</u>
<b>CHANGE IN NET ASSETS</b>	(280,116)	(1,022)	(281,138)
<b>NET ASSETS, beginning of year</b>	<u>1,945,476</u>	<u>1,022</u>	<u>1,946,498</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,665,360</u>	<u>\$ -</u>	<u>\$ 1,665,360</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2014**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES AND SUPPORT EARNED INCOME</b>			
Admissions	\$ 56,797	\$ -	\$ 56,797
Membership	66,029	-	66,029
Program fees	73,000	-	73,000
Event income	40,057	-	40,057
Other earned income	<u>62,497</u>	<u>-</u>	<u>62,497</u>
	298,380	-	298,380
Cost of goods sold	<u>(35,091)</u>	<u>-</u>	<u>(35,091)</u>
Contribution margin	<u>263,289</u>	<u>-</u>	<u>263,289</u>
<b>OTHER REVENUE</b>			
Grants	-	65,381	65,381
In-kind	2,674	-	2,674
Sponsorships	-	56,696	56,696
Other contributed income	186,076	10,100	196,176
Investment income	8,720	-	8,720
Net assets released from restrictions	<u>193,409</u>	<u>(193,409)</u>	<u>-</u>
Total revenues and support	<u>654,168</u>	<u>(61,232)</u>	<u>592,936</u>
<b>EXPENSES</b>			
Program expenses	606,500	-	606,500
Management and general expenses	102,954	-	102,954
Fundraising expenses	<u>65,495</u>	<u>-</u>	<u>65,495</u>
	<u>774,949</u>	<u>-</u>	<u>774,949</u>
<b>CHANGE IN NET ASSETS</b>	(120,781)	(61,232)	(182,013)
<b>NET ASSETS, beginning of year</b>	<u>2,066,257</u>	<u>62,254</u>	<u>2,128,511</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,945,476</u>	<u>\$ 1,022</u>	<u>\$ 1,946,498</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2015**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 13,858	\$ 380	\$ 1,489	\$ 15,727
Bad debt	-	-	2,115	2,115
Bank charges	6,191	1,233	-	7,424
Computer support/security	12,073	545	90	12,708
Depreciation and amortization	165,243	-	-	165,243
Donor cultivation	-	-	425	425
Dues and subscriptions	7,582	225	-	7,807
Equipment rental	1,336	188	-	1,524
Exhibit rental	8,326	-	-	8,326
Gain/loss on disposal of assets	17,289	-	-	17,289
Insurance	12,782	1,374	-	14,156
Interest	-	289	-	289
Janitorial	29	602	-	631
Licenses and permits	15	593	-	608
Other	2,353	3,456	488	6,297
Postage and delivery	280	282	245	807
Printing	2,141	126	721	2,988
Professional fees	1,260	7,882	-	9,142
Professional development	388	408	199	995
Property tax	-	1,016	-	1,016
Repairs and maintenance	4,447	-	-	4,447
Salaries and benefits	213,046	95,456	38,913	347,415
Supplies	32,072	5,072	-	37,144
Telephone and internet	4,508	709	-	5,217
Transportation and storage	6,097	100	-	6,197
Travel	2,412	-	-	2,412
Utilities	9,094	1,080	-	10,174
Volunteer support	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>
Total expenses	<u>\$ 522,870</u>	<u>\$ 121,016</u>	<u>\$ 44,685</u>	<u>\$ 688,571</u>

See the notes to financial statements



**COMMUNITYWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2014**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 16,399	\$ 100	\$ 1,029	\$ 17,528
Bad debt	-	-	4,373	4,373
Bank charges	6,265	752	-	7,017
Contract labor	-	80	-	80
Computer support/security	19,325	-	1,017	20,342
Depreciation and amortization	187,351	-	-	187,351
Dues and subscriptions	1,800	3,913	150	5,863
Equipment rental	1,404	150	-	1,554
Exhibit rental	19,212	-	-	19,212
Gain/loss on disposal of assets	5,302	-	-	5,302
Insurance	10,702	1,189	-	11,891
Interest	1	2,224	-	2,225
Janitorial	4,011	211	-	4,222
Licenses and permits	35	613	-	648
Other	3,561	1,078	41	4,680
Postage and delivery	1,184	99	216	1,499
Printing	4,291	3	70	4,364
Professional fees	19,495	17,467	-	36,962
Professional development	-	20	30	50
Property tax	-	1,010	-	1,010
Repairs and maintenance	3,106	-	-	3,106
Salaries and benefits	240,897	67,591	56,007	364,495
Supplies	27,538	3,723	285	31,546
Telephone and internet	3,877	363	-	4,240
Transportation and storage	15,932	90	-	16,022
Travel	5,903	1,107	2,277	9,287
Utilities	8,873	1,171	-	10,044
Volunteer support	<u>36</u>	<u>-</u>	<u>-</u>	<u>36</u>
Total expenses	<u>\$ 606,500</u>	<u>\$ 102,954</u>	<u>\$ 65,495</u>	<u>\$ 774,949</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Year Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (281,138)	\$ (182,013)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Bad debt expense	2,115	4,373
Depreciation and amortization	165,243	187,351
Loss on disposal of assets	17,289	5,302
(Increase) decrease in:		
Accounts and pledges receivable	16,990	34,083
Inventory	(80)	352
Increase (decrease) in:		
Trade accounts payable	7,463	(22,164)
Payroll, payroll benefits, and payroll taxes	<u>1,308</u>	<u>(8,566)</u>
Net cash from operating activities	<u>(70,810)</u>	<u>18,718</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid to acquire property and equipment	<u>(991)</u>	<u>(22,151)</u>
Net cash from investing activities	<u>(991)</u>	<u>(22,151)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid for principal payments on line of credit	(14,334)	-
Cash paid for principal payments on long-term debt	<u>-</u>	<u>(6,301)</u>
Net cash from financing activities	<u>(14,334)</u>	<u>(6,301)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(86,135)	(9,734)
Cash and cash equivalents, beginning of year	<u>115,863</u>	<u>125,597</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 29,728</u>	<u>\$ 115,863</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid during the period for interest	<u>\$ 289</u>	<u>\$ 2,225</u>

See the notes to financial statements

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**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.

***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, 2015 or 2014.

***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, 2015 or 2014. If amounts become uncollectible, they will be charged to operations when that determination is made.

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**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, 2015 and 2014. Accordingly, no provision for income taxes has been made. The Organization's Federal Forms 990 are 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, 2015 and 2014 was \$15,727 and \$17,528, respectively.

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**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, 2015 and 2014 was \$12,811 and \$2,674, 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>2015</u>	<u>2014</u>
Pledges receivable, due in 1 year	\$ 7,000	\$ 6,896
Pledges receivable, due in 1-5 years	<u>-</u>	<u>20,000</u>
Total	7,000	26,896
Less:		
Allowance for uncollectible pledges	<u>(413)</u>	<u>(4,876)</u>
Net pledges receivable	<u>\$ 6,587</u>	<u>\$ 22,020</u>

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**3. FIXED ASSETS**

Fixed assets consist of the following at December 31:

	<b>2015</b>	<b>2014</b>
Building - CW facility	\$ 1,404,447	\$ 1,399,080
Land	275,000	275,000
Equipment	114,123	125,695
Exhibits in progress	-	386
Exhibits	472,538	571,468
Software	<u>16,041</u>	<u>16,041</u>
	2,282,149	2,387,670
Less accumulated depreciation	(629,289)	(555,335)
Less accumulated amortization	<u>(10,877)</u>	<u>(8,811)</u>
Fixed assets, net	<u>\$ 1,641,983</u>	<u>\$ 1,823,524</u>

**4. LINE OF CREDIT**

The Organization has a \$30,000 line of credit with Opportunity Bank to help finance its short-term capital needs. The amounts borrowed under the agreement bear interest at 6.50%. At December 31, 2015 and 2014, the Organization had outstanding borrowings under this line of credit of \$2,013 and \$16,347, respectively.

**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 agreement with the City of Helena dated in October 2004. The Organization owns 63.2% and the City owns 36.8%. At December 31, 2015 and 2014, the balance of the share belonging to the Organization was \$1,404,447 and \$1,399,080, respectively.

**COMMUNITYWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**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 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 \$18,623 and \$18,253 at December 31, 2015 and 2014, respectively.

**8. TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Beginning balance - January 1	\$ 1,022	\$ 62,254
Additions:		
Camps	9,525	7,275
Programs and scholarships	4,617	16,720
Staffing	-	10,000
Events	35,980	26,764
Building	-	21,427
Exhibits	21,561	49,991
Equipment and education	<u>2,126</u>	<u>-</u>
Total additions	<u>73,809</u>	<u>132,177</u>

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

Camps	9,525	7,275
Programs and scholarships	5,639	33,740
Teacher resource center	-	15,034
Staffing	-	10,000
Events	35,980	26,764
Building	-	31,428
Exhibits	21,561	52,334
Equipment and education	<u>2,126</u>	<u>16,834</u>
Total released from restriction	<u>74,831</u>	<u>193,409</u>
Ending balance - December 31	<u>\$ -</u>	<u>\$ 1,022</u>

**9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 21, 2016 the date on which the financial statements were available to be issued.