

**COMMUNITY SHARES OF MINNESOTA
(A NONPROFIT CORPORATION)**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

**COMMUNITY SHARES OF MINNESOTA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Shares of Minnesota
Saint Paul, Minnesota

We have audited the accompanying financial statements of Community Shares of Minnesota, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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 audits 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.

Board of Directors
Community Shares of Minnesota

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Shares of Minnesota as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
July 14, 2016

**COMMUNITY SHARES OF MINNESOTA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash Available for Operations	\$ 174,051	\$ 231,286
Cash - Funds Held in Trust	474,443	628,057
Accounts Receivable	7,666	7,315
Pledges Receivable - Net Allowance of \$47,439 and \$55,727, Respectively	487,658	492,988
Management Fee Receivable	312,865	195,426
Prepaid Expenses	11,005	13,079
Total Current Assets	1,467,688	1,568,151
EQUIPMENT		
Office Equipment and Software	62,219	51,320
Less: Accumulated Depreciation	41,692	32,161
Net Equipment	20,527	19,159
Total Assets	\$ 1,488,215	\$ 1,587,310
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ 273,683	\$ 176,794
Accounts Payable	6,225	14,390
Accrued Liabilities	22,828	15,183
Distributions Payable	63,027	55,465
Funds Held in Trust	453,901	582,062
Capital Lease Payable, Current	3,602	1,746
Total Current Liabilities	823,266	845,640
LONG-TERM LIABILITIES		
Capital Lease Payable, Less Current Portion	-	3,602
Total Liabilities	823,266	849,242
NET ASSETS		
Unrestricted - Designated	122,469	156,159
Temporarily Restricted	542,480	581,909
Total Net Assets	664,949	738,068
Total Liabilities and Net Assets	\$ 1,488,215	\$ 1,587,310

See accompanying Notes to Financial Statements.

COMMUNITY SHARES OF MINNESOTA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Campaign Contributions	\$ -	\$ 542,480	\$ 542,480	\$ -	\$ 581,909	\$ 581,909
Grants and Contributions	50,702	-	50,702	33,815	-	33,815
Dues	211,992	-	211,992	289,315	-	289,315
Management Fees	362,269	-	362,269	279,777	-	279,777
Interest Income	273	-	273	245	-	245
Miscellaneous	7,204	-	7,204	17,000	-	17,000
Net Assets Released from Restrictions	581,909	(581,909)	-	654,146	(654,146)	-
Total Public Support and Revenue	<u>1,214,349</u>	<u>(39,429)</u>	<u>1,174,920</u>	<u>1,274,298</u>	<u>(72,237)</u>	<u>1,202,061</u>
EXPENSES						
Program Services:						
Grants to Agencies	581,496	-	581,496	579,158	-	579,158
Community Services	605,417	-	605,417	523,648	-	523,648
Total Program Services	<u>1,186,913</u>	<u>-</u>	<u>1,186,913</u>	<u>1,102,806</u>	<u>-</u>	<u>1,102,806</u>
Supporting Activities:						
Management and General	35,389	-	35,389	37,643	-	37,643
Fundraising	25,737	-	25,737	27,380	-	27,380
Total Supporting Activities	<u>61,126</u>	<u>-</u>	<u>61,126</u>	<u>65,023</u>	<u>-</u>	<u>65,023</u>
Total Expenses	<u>1,248,039</u>	<u>-</u>	<u>1,248,039</u>	<u>1,167,829</u>	<u>-</u>	<u>1,167,829</u>
CHANGE IN NET ASSETS	(33,690)	(39,429)	(73,119)	106,469	(72,237)	34,232
Net Assets - Beginning of Year	<u>156,159</u>	<u>581,909</u>	<u>738,068</u>	<u>49,690</u>	<u>654,146</u>	<u>703,836</u>
NET ASSETS - END OF YEAR	<u>\$ 122,469</u>	<u>\$ 542,480</u>	<u>\$ 664,949</u>	<u>\$ 156,159</u>	<u>\$ 581,909</u>	<u>\$ 738,068</u>

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	Program Service			Totals	Management and General	Fundraising	Total 2015
	Workplace Giving	Combined Federal Campaign	Fiscal Management				
Salaries	\$ 96,804	\$ 200,032	\$ 22,001	\$ 318,837	\$ 16,134	\$ 11,734	\$ 346,705
Taxes and Benefits	31,786	36,895	7,224	75,905	5,298	3,853	85,056
Total Expenses	<u>128,590</u>	<u>236,927</u>	<u>29,225</u>	<u>394,742</u>	<u>21,432</u>	<u>15,587</u>	<u>431,761</u>
Distributions to Agencies	581,496	-	-	581,496	-	-	581,496
Contractual Services	14,807	858	3,365	19,030	2,468	1,795	23,293
Printing and Reproduction	7,688	28,329	1,747	37,764	1,281	932	39,977
Rent and Utilities	10,234	6,958	2,326	19,518	1,706	1,240	22,464
Legal and Professional	23,130	17,810	5,257	46,197	3,855	2,804	52,856
Miscellaneous	766	-	174	940	127	93	1,160
Office Supplies and Postage	3,482	2,481	791	6,754	580	422	7,756
Advertising Expense	2,726	7,767	619	11,112	454	330	11,896
Campaign and Recruitment	1,386	-	315	1,701	231	168	2,100
Local Transportation	2,857	25,824	649	29,330	476	346	30,152
Telephone	1,431	1,724	325	3,480	239	173	3,892
Interest	1,455	11,745	331	13,531	243	176	13,950
Dues and Subscriptions	1,995	-	453	2,448	332	242	3,022
Conferences and Meetings	4,292	2,263	975	7,530	715	520	8,765
Insurance	1,216	2,127	276	3,619	202	147	3,968
Total Expenses	<u>787,551</u>	<u>344,813</u>	<u>46,828</u>	<u>1,179,192</u>	<u>34,341</u>	<u>24,975</u>	<u>1,238,508</u>
Depreciation	<u>6,291</u>	<u>-</u>	<u>1,430</u>	<u>7,721</u>	<u>1,048</u>	<u>762</u>	<u>9,531</u>
Total Functional Expenses	<u>\$ 793,842</u>	<u>\$ 344,813</u>	<u>\$ 48,258</u>	<u>\$ 1,186,913</u>	<u>\$ 35,389</u>	<u>\$ 25,737</u>	<u>\$ 1,248,039</u>
Functional Expense Percentages				95%	3%	2%	

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

	Program Service			Totals	Management and General	Fundraising	Total 2014
	Workplace Giving	Combined Federal Campaign	Fiscal Management				
Salaries	\$ 124,121	\$ 147,497	\$ 28,209	\$ 299,827	\$ 20,687	\$ 15,045	\$ 335,559
Taxes and Benefits	36,383	32,583	8,269	77,235	6,064	4,410	87,709
Total Expenses	<u>160,504</u>	<u>180,080</u>	<u>36,478</u>	<u>377,062</u>	<u>26,751</u>	<u>19,455</u>	<u>423,268</u>
Distributions to Agencies	579,158	-	-	579,158	-	-	579,158
Contractual Services	11,178	806	2,540	14,524	1,863	1,355	17,742
Printing and Reproduction	8,571	12,426	1,948	22,945	1,429	1,039	25,413
Rent and Utilities	9,937	6,748	2,258	18,943	1,656	1,205	21,804
Legal and Professional	9,280	20,104	2,109	31,494	1,546	1,125	34,165
Miscellaneous	747	-	169	917	124	91	1,132
Office Supplies and Postage	3,477	2,177	791	6,445	580	422	7,447
Advertising Expense	6,537	1,524	1,485	9,546	1,089	792	11,427
Campaign and Recruitment	2,009	-	457	2,466	335	244	3,045
Local Transportation	1,394	7,184	317	8,895	232	169	9,296
Telephone	156	2,032	36	2,224	26	19	2,269
Interest	824	9,834	187	10,845	137	100	11,082
Dues and Subscriptions	2,181	-	495	2,676	363	264	3,303
Conferences and Meetings	1,741	2,699	396	4,836	290	211	5,337
Insurance	1,965	828	446	3,239	327	238	3,804
Total Expenses	<u>799,659</u>	<u>246,442</u>	<u>50,112</u>	<u>1,096,215</u>	<u>36,748</u>	<u>26,729</u>	<u>1,159,692</u>
Depreciation	<u>5,370</u>	<u>-</u>	<u>1,221</u>	<u>6,591</u>	<u>895</u>	<u>651</u>	<u>8,137</u>
Total Functional Expenses	<u>\$ 805,029</u>	<u>\$ 246,442</u>	<u>\$ 51,333</u>	<u>\$ 1,102,806</u>	<u>\$ 37,643</u>	<u>\$ 27,380</u>	<u>\$ 1,167,829</u>
Functional Expense Percentages				95%	3%	2%	

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (73,119)	\$ 34,232
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	9,531	8,137
(Increase) Decrease in Current Assets:		
Prepaid Expenses	2,074	(570)
Accounts Receivable	(351)	3,691
Pledges Receivable	5,330	29,893
Management Fee Receivable	(117,439)	(4,751)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(8,165)	8,137
Accrued Expenses	7,645	(337)
Other Liabilities	7,562	(15,997)
Funds Held in Trust	(128,161)	178,938
Net Cash Provided (Used) by Operating Activities	(295,093)	241,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(10,899)	(1,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	381,281	258,464
Payments on Line of Credit	(284,392)	(244,521)
Payments on Capital Lease	(1,746)	(1,637)
Net Cash Provided by Financing Activities	95,143	12,306
NET INCREASE (DECREASE) IN CASH	(210,849)	252,533
Cash - Beginning of Year	859,343	606,810
CASH - END OF YEAR	\$ 648,494	\$ 859,343
SUPPLEMENTAL DISCLOSURES		
Cash:		
Cash Available for Operations	\$ 174,051	\$ 231,286
Cash - Funds Held in Trust	474,443	628,057
Total Cash	\$ 648,494	\$ 859,343
Interest Paid	\$ 9,257	\$ 7,910

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Shares of Minnesota (the Organization) is incorporated under the laws of the State of Minnesota as a nonprofit organization. The purpose of the Organization is to develop, through public awareness and cooperative fundraising and other nonprofit capacity building strategies, sustained support for organizations engaged in social action and community improvement in the Twin Cities area.

The activities of the Organization include the following:

Workplace Giving Campaigns

Community Shares of Minnesota conducts an annual workplace giving campaign to create sustained financial support for organizations engaged in social justice in the State of Minnesota. Employees at the work sites have the option of designating their contributions to any or all of the member groups or to any registered non-profit organization.

Community Shares of Minnesota supports collective action to eliminate root causes of inequality and injustice, connects donors with a meaningful opportunity to invest in social justice and empowers nonprofit organizations in the creation of a fair, just and equitable society.

Community Shares of Minnesota provides full service campaign management including online donor registration, pledge tracking and collection, campaign accounting and reporting, grantee evaluation and grant distribution.

Community Shares of Minnesota partners with member organizations and serves by providing leadership development opportunities, training and technical assistance, recruitment of new members, member-to-member collaboration and member organization review, which all serve to build members' capacity and growth. Community Shares of Minnesota promotes volunteer outreach by corporate relationship building and procurement, coordination, training and management of volunteers performing community services for the organizations and communities served by member organizations.

Community Shares of Minnesota's campaign efforts provide community education by promoting public awareness of social justice issues, increasing visibility of member organization's activities, issues, concerns and program services, and providing information and education about philanthropy. Community Shares of Minnesota provides training and education to work place partners and their employees regarding member organizations, workplace campaigns and campaign structure.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Combined Federal Campaign

Community Shares of Minnesota is the Principal Combined Fund Organization (PCFO) for the Northern Lights Combined Federal Campaign serving Minnesota, North Dakota, South Dakota, Iowa, and Wisconsin (the CFC). As a member of the CFC, Community Shares of Minnesota provides campaign operations in accordance with federal regulations including pledge support, campaign management support, campaign marketing, applications processing, reporting and financial accounting.

Fiscal Management Campaigns

Community Shares of Minnesota contracts with employers to manage individual, segregated workplace giving campaigns. Services provided include campaign management, online donor registration, customer service to donors and recipient agencies, campaign accounting and reporting, and grant distribution. Campaigns are open campaigns, facilitating donor choice and creating a stronger community.

Basis of Presentation

The financial statements of Community Shares of Minnesota have been prepared on the accrual basis of accounting. Receipts are recorded as an increase in unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. Accordingly, net assets of the Organization and changes therein, are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. The board of directors has designated all unrestricted net assets up to \$342,000 for operating reserves and equipment purchases.

Temporarily Restricted – Those resources subject to a donor-imposed restriction which will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently. At this time the Organization has no such permanently restricted resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Management Fee Receivable

The Organization provides for uncollectible accounts based on the allowance method using management's judgment. Receivable balances are unsecured. An allowance is estimated based on the historical experience of the Organization. Accounts that are determined to be uncollectible are written off at that time.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give (pledges receivable) increase unrestricted or temporarily restricted contributions. Promises to give represent amounts committed by donors that have not been received by the Organization. The Organization uses the allowance method to determine uncollectible promises to give. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Distributions Payable

Distributions payable are campaign contributions received by the Organization from the annual campaign that will be distributed to member agencies.

Funds Held in Trust

Funds held in trust are monies received by the Organization as a result of managing three Combined Federal Campaigns and other workplace campaigns. When funds are received they are held in cash and recorded as a liability. Substantially all monies received from these campaigns are distributed to agencies, which reduces the liability. The Organization retains a specified percentage of all campaign funds received as management fee revenue.

Equipment and Depreciation

The Organization capitalizes all expenditures of property and equipment with a useful life of greater than one year, and a cost in excess of \$1,000. Office equipment is recorded at cost, or in the case of contributed property at the fair value at the date of contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of office equipment are recorded as unrestricted support.

Expenditures for renewals and improvements are capitalized while the cost of maintenance and repairs is charged to expense as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is determined using the straight-line method over the estimated useful lives. For the years ended December 31, 2015 and 2014, depreciation expense was \$9,531 and \$8,137, respectively.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as Net Assets Released from Restrictions.

Campaign Contributions

Annual campaigns are conducted in the fall of the year to raise support for allocations to agencies in the subsequent calendar year. Pledges are recorded when made and allowances are provided for amounts estimated to be uncollectible. The Organization retains a specified percentage of all campaign funds received as a management fee to defray operating and fundraising expenses.

Dues are recorded as revenue as pledges are collected and withheld from member agency distributions.

Donated Materials and Services

Donated materials and equipment are reflected as in-kind contributions at their estimated value at the date of receipt. Donated services are recognized to the extent that such services meet specific criteria with respect to creating or enhancing nonfinancial assets or services which require specialized skills. A substantial number of volunteers have donated significant amounts of time to the Organization's programs and fundraising campaigns which did not meet the criteria for recognition in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various services and other activities have been presented on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as incurred. The amount charged to operations was \$11,896 and \$11,427 for the years ended December 31, 2015 and 2014, respectively.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that required adjustment to the financial statements.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of Economic Conditions on Contributions

The Organization depends on contributions and grants for a significant portion of its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's Board of Directors and management believe the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

Subsequent Events Policy

Subsequent events have been evaluated through July 14, 2016, which is the date the financials were available to be issued.

Subsequent to year-end, the Organization entered into a Copier Lease dated April 28, 2016, which requires monthly payments of \$181.97 for 100 months. The lease has a purchase option of the Copier for its market value at the end of the lease term.

NOTE 2 CONCENTRATIONS

Cash includes FDIC insured amounts on deposit at a financial institution which may at times exceed the federally insured amount. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate.

NOTE 3 CASH RESTRICTIONS

The Organization has maintained separate bank accounts for administration of the Northern Lights Combined Federal Campaign, Suncoast Combined Federal Campaign, and Atlantic Coast Combined Federal Campaign. At December 31, 2015 and 2014, the balance of these accounts was \$407,293 and \$398,378, respectively.

The Organization has maintained separate bank accounts for separately run campaigns which are held as a trust fund liability. As of December 31, 2015 and 2014, cash included \$67,150 and \$229,679, respectively, of funds held on behalf of various organizations.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 4 PLEDGES RECEIVABLE

Promises to give at December 31, 2015 and 2014 result from the workplace giving campaign. Pledges receivable at December 31, 2015 and 2014 are as follows:

	2015	2014
Receivable in:		
Less than One Year	\$ 535,097	\$ 548,715
Allowance for Doubtful Collections	(47,439)	(55,727)
Total Promises to Give Receivable	487,658	492,988
Less: Current Portion	(487,658)	(492,988)
Total Noncurrent Portion	\$ -	\$ -

NOTE 5 LINE OF CREDIT

The Organization established a \$530,000 line of credit with a local bank. The note is secured by the Organization's equipment, membership dues, receivables and all other rights to receipts. Any outstanding principal is due by June 25, 2016 and accrues interest at a variable rate. The interest rate at December 31, 2015 and 2014 was 5.25% and 3.25%, respectively. The outstanding balance on the line of credit at December 31, 2015 and 2014 was \$273,683 and \$176,794, respectively.

NOTE 6 RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods:

Periods after December 31, 2015	\$ 542,480
Periods after December 31, 2014	\$ 581,909

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or by the passage of time:

	2015	2014
Time Restriction Expired on Campaign Contributions	\$ 581,909	\$ 654,146
Total Net Assets Released	\$ 581,909	\$ 654,146

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 RETIREMENT PLAN

The Organization has a defined contribution plan subject to the Employee Requirement Income Security Act of 1974. The Employer contribution for the years ended December 31, 2015 and 2014 was \$8,509 and \$7,768, respectively.

Effective January 1, 2016, the Organization established a 401(k) profit-sharing plan to provide retirement benefits for employees of Community Shares of Minnesota.

NOTE 8 COMMITMENTS

The Organization has a lease for office space under a five-year operating lease which expires on December 31, 2016. The lease provides that the base rent shall increase each year. The rental expense was \$22,464 and \$21,804 for the years ended December 31, 2015 and 2014, respectively. The following is a schedule of future minimum rental payments required under the lease:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 23,124

During 2011, the Organization entered into a capital lease for office equipment. At December 31, 2015 and 2014, the cost of equipment under the capital lease is \$10,075 and the corresponding accumulated depreciation was \$6,676 and \$5,041, respectively. Depreciation on the office equipment under capital lease is included in depreciation expense.

	<u>2015</u>	<u>2014</u>
Capital Lease Payable - Office Equipment		
Monthly Installments through December 2016	\$ 3,602	\$ 5,348
Less: Current Maturities of Capital Lease Payable	(3,602)	(1,746)
Capital Lease Payable Net of Current Maturities	\$ -	\$ 3,602

Future capital lease payments, including interest, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 3,770
Total Minimum Lease Payments	3,770
Less: Amount Representing Interest on Capital Lease Payable	(168)
Net Minimum Capital Lease Payable	\$ 3,602