

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

**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, 2012 and 2011, 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, 2012 and 2011, 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 30, 2013

**COMMUNITY SHARES OF MINNESOTA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011**

ASSETS

	2012	2011
CURRENT ASSETS		
Cash Available for Operations	192,517	253,330
Cash - Funds Held in Trust	682,070	1,182,936
Accounts Receivable	522	14,221
Pledges Receivable - Net Allowance of \$69,764 and \$55,030, Respectively	583,060	557,178
Management Fee Receivable	93,447	99,410
Prepaid Expenses	8,729	10,362
Total Current Assets	1,560,345	2,117,437
EQUIPMENT		
Office Equipment and Software	50,174	131,910
Less: Accumulated Depreciation	15,184	114,892
Net Equipment	34,990	17,018
Total Assets	\$ 1,595,335	\$ 2,134,455

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of Credit	\$ 77,272	\$ 81,678
Accounts Payable	6,482	689
Accrued Liabilities	13,134	13,491
Distributions Payable	80,909	78,473
Funds Held in Trust	627,904	1,171,477
Capital Lease Payable, Current	1,535	1,439
Total Current Liabilities	807,236	1,347,247

LONG-TERM LIABILITIES

Capital Lease Payable, Less Current Portion	6,985	8,520
Total Liabilities	814,221	1,355,767

NET ASSETS

Unrestricted - Designated	107,493	159,575
Temporarily Restricted	673,621	619,113
Total Net Assets	781,114	778,688
Total Liabilities and Net Assets	\$ 1,595,335	\$ 2,134,455

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Campaign Contributions	\$ -	\$ 646,195	\$ 646,195
Grants and Contributions	46,119	2,500	48,619
Dues	217,865	-	217,865
Management Fees	187,236	-	187,236
Interest Income	904	-	904
Miscellaneous	23,928	-	23,928
Net Assets Released from Restrictions	594,187	(594,187)	-
Total Public Support and Revenue	1,070,239	54,508	1,124,747
EXPENSES			
Program Services:			
Grants to Agencies	573,480	-	573,480
Community Services	472,900	-	472,900
Total Program Services	1,046,380	-	1,046,380
Supporting Activities:			
Management and General	43,966	-	43,966
Fundraising	31,975	-	31,975
Total Supporting Activities	75,941	-	75,941
Total Expenses	1,122,321	-	1,122,321
CHANGE IN NET ASSETS	(52,082)	54,508	2,426
Net Assets - Beginning of Year	159,575	619,113	778,688
NET ASSETS - END OF YEAR	\$ 107,493	\$ 673,621	\$ 781,114

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2011**

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Campaign Contributions	\$ -	\$ 639,092	\$ 639,092
Grants and Contributions	54,765	2,000	56,765
Dues	150,000	-	150,000
Management Fees	193,949	-	193,949
Interest Income	1,818	-	1,818
Miscellaneous	27,186	-	27,186
Net Assets Released from Restrictions	598,199	(598,199)	-
Total Public Support and Revenue	1,025,917	42,893	1,068,810
EXPENSES			
Program Services:			
Grants to Agencies	515,242	-	515,242
Community Services	481,643	-	481,643
Total Program Services	996,885	-	996,885
Supporting Activities:			
Management and General	47,504	-	47,504
Fundraising	34,549	-	34,549
Total Supporting Activities	82,053	-	82,053
Total Expenses	1,078,938	-	1,078,938
CHANGE IN NET ASSETS	(53,021)	42,893	(10,128)
Net Assets - Beginning of Year	212,596	576,220	788,816
NET ASSETS - END OF YEAR	\$ 159,575	\$ 619,113	\$ 778,688

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012**

	Program Service			Totals	Management and General	Fundraising	Total 2012
	Workplace Giving	Combined Federal Campaign	Fiscal Management				
Salaries	\$ 139,269	\$ 66,106	\$ 31,652	\$ 237,027	\$ 23,212	\$ 16,881	\$ 277,120
Taxes and Benefits	38,282	18,555	8,701	65,538	6,381	4,640	76,559
Total Expenses	<u>177,551</u>	<u>84,661</u>	<u>40,353</u>	<u>302,565</u>	<u>29,593</u>	<u>21,521</u>	<u>353,679</u>
Distributions to Agencies	573,480	-	-	573,480	-	-	573,480
Contractual Services	18,326	1,884	4,165	24,375	3,054	2,222	29,651
Printing and Reproduction	8,656	9,317	1,967	19,940	1,443	1,050	22,433
Rent and Utilities	13,123	3,698	2,982	19,803	2,186	1,591	23,580
Legal and Professional	13,056	7,946	2,967	23,969	2,175	1,583	27,727
Miscellaneous	1,768	-	402	2,170	296	214	2,680
Office Supplies and Postage	5,241	1,586	1,191	8,018	874	635	9,527
Advertising Expense	3,039	82	691	3,812	506	368	4,686
Campaign and Recruitment	6,468	-	1,470	7,938	1,078	784	9,800
Local Transportation	1,973	6,569	448	8,990	329	239	9,558
Telephone	1,301	593	296	2,190	217	158	2,565
Interest	968	3,621	220	4,809	161	117	5,087
Dues and Subscriptions	2,282	-	519	2,801	380	277	3,458
Conferences and Meetings	3,040	1,084	691	4,815	507	368	5,690
Insurance	2,230	686	507	3,423	372	270	4,065
Bad Debt Expense	27,426	-	-	27,426	-	-	27,426
Total Expenses	<u>859,928</u>	<u>121,727</u>	<u>58,869</u>	<u>1,040,524</u>	<u>43,171</u>	<u>31,397</u>	<u>1,115,092</u>
Depreciation	<u>4,771</u>	<u>-</u>	<u>1,084</u>	<u>5,856</u>	<u>795</u>	<u>578</u>	<u>7,229</u>
Total Functional Expenses	<u>\$ 864,699</u>	<u>\$ 121,727</u>	<u>\$ 59,953</u>	<u>\$ 1,046,380</u>	<u>\$ 43,966</u>	<u>\$ 31,975</u>	<u>\$ 1,122,321</u>

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011**

	Program Service			Totals	Management and General	Fundraising	Total 2011
	Workplace Giving	Combined Federal Campaign	Fiscal Management				
Salaries	\$ 131,914	\$ 63,885	\$ 29,980	\$ 225,779	\$ 21,985	\$ 15,989	\$ 263,753
Taxes and Benefits	48,045	19,658	10,919	78,622	8,008	5,824	92,454
Total Expenses	179,959	83,543	40,899	304,401	29,993	21,813	356,207
Distributions to Agencies	515,242	-	-	515,242	-	-	515,242
Contractual Services	26,741	255	6,078	33,074	4,457	3,241	40,772
Printing and Reproduction	8,724	10,540	1,983	21,247	1,454	1,057	23,758
Rent and Utilities	17,876	6,982	4,063	28,921	2,979	2,167	34,067
Legal and Professional	14,827	11,288	3,370	29,485	2,471	1,797	33,753
Miscellaneous	8,438	-	1,918	10,356	1,406	1,023	12,785
Office Supplies and Postage	4,636	1,781	1,054	7,471	773	562	8,806
Advertising Expense	997	5,387	227	6,611	166	121	6,898
Campaign and Recruitment	9,253	-	2,103	11,356	1,542	1,122	14,020
Local Transportation	2,677	5,936	608	9,221	446	324	9,991
Telephone	1,640	477	373	2,490	273	199	2,962
Interest	102	3,980	23	4,105	17	12	4,134
Dues and Subscriptions	2,012	-	458	2,470	336	244	3,050
Conferences and Meetings	3,200	1,097	727	5,024	533	388	5,945
Insurance	2,229	563	507	3,299	371	270	3,940
Total Expenses	798,553	131,829	64,391	994,773	47,217	34,340	1,076,330
Depreciation	1,721	-	391	2,112	287	209	2,608
Total Functional Expenses	<u>\$ 800,274</u>	<u>\$ 131,829</u>	<u>\$ 64,782</u>	<u>\$ 996,885</u>	<u>\$ 47,504</u>	<u>\$ 34,549</u>	<u>\$ 1,078,938</u>

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 2,426	\$ (10,128)
Adjustments to Reconcile Increase (Decrease) in Net Asset to Net Cash Provided (Used) by Operating Activities:		
Depreciation	7,229	2,608
Donated Software	(12,981)	-
(Increase) Decrease in Current Assets:		
Prepaid Expenses	1,633	1,045
Accounts Receivable	13,699	(11,445)
Pledges Receivable	(25,882)	(80,913)
Other Receivables	-	88,652
Management Fee Receivable	5,963	7,533
Increase (Decrease) in Current Liabilities:		
Accounts Payable	5,793	(6,173)
Accrued Expenses	(357)	2,645
Other Liabilities	2,436	5,848
Funds Held in Trust	(543,573)	667,511
Net Cash Provided (Used) by Operating Activities	(543,614)	667,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(12,220)	-
Net Cash Used by Investing Activities	(12,220)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	41,420	146,038
Payments on Line of Credit	(45,826)	(152,726)
Payments on Capital Lease	(1,439)	(116)
Net Cash Used by Financing Activities	(5,845)	(6,804)
NET INCREASE (DECREASE) IN CASH	(561,679)	660,379
Cash - Beginning of Year	1,436,266	775,887
CASH - END OF YEAR	\$ 874,587	\$ 1,436,266
SUPPLEMENTAL DISCLOSURES		
Cash:		
Cash Available for Operations	\$ 192,517	\$ 253,330
Cash - Funds Held in Trust	682,070	1,182,936
Total Cash	\$ 874,587	\$ 1,436,266
Interest Paid	\$ 1,533	\$ 2,924
NON-CASH INVESTING AND OPERATING ACTIVITIES		
Equipment Acquired through Capital Lease	\$ -	\$ 10,075

See accompanying Notes to Financial Statements.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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, 2012 AND 2011**

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, 2012 AND 2011**

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 the Northern Lights Combined Federal Campaign 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 great 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, 2012 and 2011, depreciation expense was \$7,229 and \$2,608, respectively.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 \$4,686 and \$6,898 for the years ended December 31, 2012 and 2011, 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.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

The Organization's 2009-2011 income tax returns are subject to review and examination by federal and state authorities in accordance with prescribed statutes. The Organization has not been examined for any open years.

Participating Federation

The Organization is the Principal Combined Fund Organization (PCFO) for the Northern Lights Combined Federal Campaign (CFC). The Organization participates as a member federation in the CFC. As a member federation, the Organization is required to meet certain requirements including honoring designations made to each member organization by distributing a proportionate share of receipts based on donor designations. The Organization complied with these requirements in all respects for the years ended December 31, 2012 and 2011.

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 30, 2013, which is the date the financial were available to be issued.

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. At December 31, 2012 and 2011, the balance of these accounts was \$330,455 and \$343,568, respectively.

As of December 31, 2012 and 2011, cash included \$351,615 and \$839,368, respectively, of funds held on behalf of various organizations.

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 4 PLEDGES RECEIVABLE

Promises to give at December 31, 2012 and 2011 result from the workplace giving campaign. Pledges receivable at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Receivable in:		
Less than One Year	\$ 652,824	\$ 612,208
Allowance for Doubtful Collections	<u>(69,764)</u>	<u>(55,030)</u>
Total Promises to Give Receivable	583,060	557,178
Less: Current Portion	<u>(583,060)</u>	<u>(557,178)</u>
Total Noncurrent Portion	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 LINE OF CREDIT

The Organization established a \$150,000 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 August 15, 2013 and accrues interest at a variable rate. The interest rate at December 31, 2012 and 2011 was 5.25% and 3.25%, respectively. The outstanding balance on the line of credit at December 31, 2012 and 2011 was \$77,272 and \$81,678, respectively.

On March 27, 2013 the Organization renewed their line of credit with the same bank noted above, for \$297,000. Any outstanding principal is due September 15, 2014.

NOTE 6 RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods:

Periods after December 31, 2012	<u>\$ 673,621</u>
Periods after December 31, 2011	<u>\$ 619,113</u>

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

	<u>2012</u>	<u>2011</u>
Time Restriction Expired on Campaign Contributions	\$ 591,687	\$ 572,199
Specific Grant Programs	2,500	26,000
Total Net Assets Released	<u>\$ 594,187</u>	<u>\$ 598,199</u>

**COMMUNITY SHARES OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 7 DEFINED CONTRIBUTION 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, 2012 and 2011 was \$7,281 and \$7,890, respectively.

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 \$23,581 and \$34,067 for the years ended December 31, 2012 and 2011, respectively. The following is a schedule of future minimum rental payments required under the lease:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 21,156
2014	21,804
2015	22,452
2016	23,124
Total	<u>\$ 88,536</u>

During 2011, the Organization entered into a capital lease for office equipment. At December 31, 2012 and 2011, the cost of equipment under the capital lease is \$10,075 and the corresponding accumulated depreciation was \$1,771 and \$136, respectively. Depreciation on the office equipment under capital lease is included in depreciation expense.

	<u>2012</u>	<u>2011</u>
Capital Lease Payable - Office Equipment		
Monthly Installments through December 2016	\$ 8,520	\$ 9,959
Less: Current Maturities of Capital Lease Payable	<u>(1,535)</u>	<u>(1,439)</u>
Capital Lease Payable Net of Current Maturities	<u>\$ 6,985</u>	<u>\$ 8,520</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 2,040
2014	2,040
2015	2,040
2016	<u>3,770</u>
Total Minimum Lease Payments	9,890
Less: Amount Representing Interest on Capital Lease Payable	<u>(1,370)</u>
Net Minimum Capital Lease Payable	<u>\$ 8,520</u>