

GREATER CLEVELAND COMMUNITY SHARES
FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

GREATER CLEVELAND COMMUNITY SHARES

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L.L.C.

Certified Public Accountants

24500 Chagrin Boulevard, Suite 315
Cleveland, Ohio 44122-5627

Telephone: 216-292-6120
Fax: 216-292-5718
Website: kpffcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Cleveland Community Shares
Cleveland, Ohio

We have audited the accompanying statements of financial position of Greater Cleveland Community Shares (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Greater Cleveland Community Shares' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Cleveland Community Shares as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPFF, L.L.C.

Cleveland, Ohio
May 28, 2008

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Financial Position
 December 31, 2007 and 2006

	2007	2006
<u>A S S E T S</u>		
Current assets:		
Cash and equivalents	\$ 255,408	\$ 200,665
Pledges receivable, net of allowance for uncollectible pledges of \$42,152 (\$75,544 in 2006)	884,523	863,339
Other receivables	6,057	6,684
Prepaid items	498	95
Total current assets	1,146,486	1,070,783
Office furniture and equipment	23,065	23,065
Less accumulated depreciation	6,038	3,731
	17,027	19,334
Total assets	\$ 1,163,513	\$ 1,090,117

LIABILITIES AND NET ASSETS

Current liabilities:		
Funds due to agencies	\$ 1,015,587	\$ 819,920
Accounts payable	3,569	675
Total current liabilities/total liabilities	1,019,156	820,595
Net assets:		
Unrestricted	100,757	211,722
Temporarily restricted	43,600	57,800
Total net assets	144,357	269,522
Total liabilities and net assets	\$ 1,163,513	\$ 1,090,117

The notes to financial statements are an integral part of these statements.

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Activities
 Years ended December 31, 2007 and 2006

	2007	2006
Unrestricted net assets:		
Support and revenues:		
Campaign pledges	\$ 856,585	\$ 796,079
Less distributions to members	789,762	713,601
	66,823	82,478
Foundation grants	83,600	84,116
Contributed support (Note 7)	54,144	53,400
Dues	45,200	46,400
Investment income	11,504	10,286
Special events	2,875	33,964
Net assets released from restrictions	57,800	-
	321,946	310,644
Expenses:		
Program services:		
Services to members	43,790	37,871
Community outreach	64,055	64,856
Campaign	118,206	107,940
	226,051	210,667
Support services:		
Management and general	71,083	62,705
Fundraising	31,413	47,307
	328,547	320,679
Change in unrestricted net assets	(6,601)	(10,035)
Temporarily restricted net assets:		
Foundation grants	40,400	49,000
Individual donors (Note 7)	3,200	2,800
Net assets released from restrictions	(57,800)	-
Change in temporarily restricted net assets	(14,200)	51,800
Total change in net assets	(20,801)	41,765
Net assets at beginning of year, as restated (Note 8)	165,158	227,757
Net assets at end of year	\$ 144,357	\$ 269,522

The notes to financial statements are an integral part of these statements.

GREATER CLEVELAND COMMUNITY SHARES
Statement of Functional Expenses
Year ended December 31, 2007

	Program Services			Support Services		Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising	
Payroll	\$ 28,164	\$ 48,140	\$ 71,909	\$ 38,004	\$ 20,945	\$ 207,162
Payroll taxes	2,350	3,981	6,207	3,074	1,776	17,388
Benefits	1,143	883	2,797	1,216	633	6,672
	<u>31,657</u>	<u>53,004</u>	<u>80,913</u>	<u>42,294</u>	<u>23,354</u>	<u>231,222</u>
Bank fees	-	-	237	96	593	926
Cleaning and maintenance	-	-	-	2,000	-	2,000
Consulting	7,749	3,099	1,550	3,910	1,550	17,858
Data processing - payroll	-	-	-	1,357	-	1,357
Depreciation	287	395	942	405	278	2,307
Dues and subscriptions	-	-	-	3,545	125	3,670
Insurance	268	370	882	379	260	2,159
Legal and professional	76	179	2,468	5,135	313	8,171
Meeting expenses	444	232	813	2,414	173	4,076
Occupancy	2,137	2,936	6,984	2,983	2,067	17,107
Postage and delivery	189	392	1,514	1,836	448	4,379
Printing and copying	94	131	14,892	753	218	16,088
Professional development	85	234	873	1,194	1,235	3,621
Promotion	-	2,019	1,240	64	-	3,323
Supplies and miscellaneous	490	614	3,051	1,631	482	6,268
Telephone	314	426	1,021	856	305	2,922
Travel	-	24	826	231	12	1,093
	<u>\$ 43,790</u>	<u>\$ 64,055</u>	<u>\$ 118,206</u>	<u>\$ 71,083</u>	<u>\$ 31,413</u>	<u>\$ 328,547</u>

The notes to financial statements are an integral part of these statements.

GREATER CLEVELAND COMMUNITY SHARES
Statement of Functional Expenses
Year ended December 31, 2006

	Program Services			Support Services		Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising	
Payroll	\$ 27,989	\$ 48,896	\$ 64,048	\$ 33,374	\$ 23,980	\$ 198,287
Payroll taxes	2,385	4,076	5,701	2,872	2,024	17,058
Benefits	1,030	740	920	1,610	640	4,940
	<u>31,404</u>	<u>53,712</u>	<u>70,669</u>	<u>37,856</u>	<u>26,644</u>	<u>220,285</u>
Bank fees	-	-	295	357	417	1,069
Consulting	-	171	-	2,041	363	2,575
Data processing - payroll	-	-	-	1,359	-	1,359
Depreciation	234	322	768	330	225	1,879
Dues and subscriptions	-	339	-	2,978	77	3,394
Facilities and catering fees	-	-	-	-	7,425	7,425
Insurance	268	370	882	379	260	2,159
Legal and professional	113	206	3,198	5,079	352	8,948
Meeting expenses	845	405	915	2,720	477	5,362
Occupancy	2,158	2,961	7,071	3,230	2,083	17,503
Postage and delivery	615	1,007	3,054	1,554	2,023	8,253
Printing and copying	1,439	2,351	14,342	1,209	4,406	23,747
Professional development	-	80	-	463	267	810
Promotion	45	1,977	1,441	50	639	4,152
Supplies and miscellaneous	440	518	3,193	1,792	1,323	7,266
Telephone	288	397	952	762	277	2,676
Travel	22	40	1,160	546	49	1,817
	<u>\$ 37,871</u>	<u>\$ 64,856</u>	<u>\$ 107,940</u>	<u>\$ 62,705</u>	<u>\$ 47,307</u>	<u>\$ 320,679</u>

The notes to financial statements are an integral part of these statements.

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Cash Flows
 Years ended December 31, 2007 and 2006

	2007	2006
Operating activities:		
Change in net assets	\$ (20,801)	\$ 41,765
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,307	1,879
Changes in operating assets and liabilities:		
Receivables	(20,557)	(70,958)
Prepaid items	(403)	155
Accounts payable	2,894	(1,479)
Funds due to agencies	91,303	24,182
Net cash provided by (used in) operating activities	54,743	(4,456)
 Investing activities:		
Office furniture and equipment	-	(8,543)
 Increase (decrease) in cash and equivalents	54,743	(12,999)
 Cash and equivalents at beginning of year	200,665	213,664
 Cash and equivalents at end of year	\$ 255,408	\$ 200,665

The notes to financial statements are an integral part of these statements.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2007 and 2006

Note 1 - Nature of operations:

Greater Cleveland Community Shares (Community Shares) (the Organization) is a nonprofit corporation, providing financial and other support for member nonprofit organizations located in the Northeast Ohio area. Member organizations are actively engaged in programs directed toward community improvement, social change, and citizen education and empowerment. Eligibility for membership is based on the type of organization as described by the membership criteria. Members must be Section 501(c)(3) organizations and meet other membership standards and participation requirements.

In accordance with the Board of Directors' policies, a minimum of 85% of campaign receipts are allocated to eligible members for each campaign year.

Note 2 - Summary of significant accounting policies:

Basis of presentation:

The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when granted or earned, and expenses are recognized when incurred.

Under Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," Community Shares 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. In addition, Community Shares is required to present a statement of cash flows. As permitted by SFAS No. 117, Community Shares has, accordingly, classified its financial statements to present classes of net assets.

Under SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received by Community Shares are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2007 and 2006

Note 2 - continued.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents:

Community Shares considers all short-term, highly liquid investments to be cash equivalents. These investments are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Concentration of credit risk:

Cash in the Organization's bank accounts may, at times, exceed the Federal Deposit Insurance Corporation limit of \$100,000. Community Shares has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk related to cash.

Pledges receivable:

Allowances are provided for uncollectible pledges and other subsequent adjustments to campaign results based on prior years' experience.

Office furniture and equipment and depreciation:

Office furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Donated materials and services:

Donated property, marketable securities and other non-cash donations are recorded as contributions at their fair market value at the date of donation.

SFAS No. 116 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance non-financial assets or (b) require specialized skills, provided by entities or persons possessing those skills that would have to be purchased if not donated.

A number of volunteers have donated significant amounts of their time assisting Community Shares in furthering the Organization's programs and objectives. These donated services have not been recognized in the accompanying financial statements because the criteria for recognition of such volunteer efforts under SFAS No. 116 have not been satisfied.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2007 and 2006

Note 2 - continued.

Major funding:

Community Shares conducts an annual workplace campaign for its member organizations concurrently with the annual United Way Campaign, offering alternative choices for individuals and businesses in Northeastern Ohio.

Functional allocation of expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program services and support services.

Compensated absences:

Employees of Community Shares are entitled to paid vacation, sick days and personal days off depending on job classification, length of service and other factors. Community Shares' policy is to recognize the costs of compensated absences when actually paid to employees. The effect of this method instead of accruing these costs is minimal in 2007 and 2006.

Income taxes:

Community Shares is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 3 - Functional expenses:

Services to members:

Services to members include training, educational support and other technical assistance.

Community outreach:

Community outreach includes programs for education and public awareness of the programs available to the general public.

Campaign:

Campaign costs include all costs associated with the annual campaign to raise funds for member organizations.

Management and general:

Management and general includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Community Shares program strategy through the office of the executive director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2007 and 2006

Note 3 - continued.

Fundraising:

Fundraising includes costs associated with raising funds only for use in the general operations of Community Shares.

Note 4 - Related party transactions:

The majority of the governing board is comprised of representatives of member organizations. These member organizations receive funds from Community Shares.

The Organization shares office equipment and common space with two of its members and another nonprofit organization. Expenses are pro-rated based on usage.

Note 5 - Rental commitments:

Community Shares is obligated under a lease agreement for its office facilities through December 31, 2012, with 60-day notice of cancellation after two years. Minimum payments due on the lease at December 31, 2007 are as follows:

2008	\$ 13,253
2009	13,253
2010	13,253
2011	13,253
2012	<u>13,253</u>
	<u>\$ 66,265</u>

Rent expense was \$13,950 in 2007 and 2006.

Note 6 - Total public support:

	<u>2007</u>	<u>2006</u>
Campaign pledges through Shares	\$ 856,585	\$ 796,079
Direct pay donor designation pledges	<u>147,366*</u>	<u>169,082*</u>
Total campaign pledges	1,003,951	965,161
Foundation grants	124,000	133,116
Contributed support (Note 7)	<u>57,344</u>	<u>56,200</u>
	<u>\$ 1,185,295</u>	<u>\$ 1,154,477</u>

* These pledges represent direct pay pledges to Shares' organizations through United Way.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2007 and 2006

Note 7 - Contributed support:

	2007	2006
Individual donors	\$ 49,482	\$ 48,104
Board donors	5,307	4,765
Corporate/business donors	2,555	3,331
	\$ 57,344	\$ 56,200

Note 8 - Restatement of net assets:

It has been discovered that, due to implementation of a new financial system, distributions from pledged receipts were under-accrued in 2004 and 2005; therefore, net assets at December 31, 2006 have been restated as of that date by the amount of \$104,364. The restatement is as follows:

Net assets at December 31, 2006, as originally stated	\$ 269,522
Restatement to correct funds due to agencies	(104,364)
Net assets at December 31, 2006, as restated	\$ 165,158

No future additional prior period adjustments are anticipated.