

GREATER CLEVELAND COMMUNITY SHARES
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

GREATER CLEVELAND COMMUNITY SHARES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Cleveland Community Shares
Cleveland, Ohio

We have audited the accompanying financial statements of Greater Cleveland Community Shares (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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.

Auditor's 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 auditor's 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 Greater Cleveland Community Shares as of December 31, 2014 and 2013, 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.

KPFF, L.L.C.

Cleveland, Ohio
October 20, 2015

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Financial Position
 December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>A S S E T S</u>		
Current assets:		
Cash and equivalents	\$ 163,776	\$ 136,694
Pledges receivable, net of allowance for uncollectible pledges of \$66,039 and \$58,067 in 2014 and 2013, respectively	638,406	703,725
Other receivables, net of allowance for uncollectible accounts of \$400 and \$2,000 in 2014 and 2013, respectively	79,972	80,928
Prepaid items	<u>515</u>	<u>470</u>
Total current assets	<u>882,669</u>	<u>921,817</u>
Office furniture and equipment	34,765	27,925
Less accumulated depreciation	<u>22,566</u>	<u>19,224</u>
	<u>12,199</u>	<u>8,701</u>
Unemployment tax reserve	<u>11,702</u>	<u>14,413</u>
Total assets	<u>\$ 906,570</u>	<u>\$ 944,931</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of long-term debt	\$ 2,340	\$ 1,620
Funds due to agencies	860,280	907,586
Accounts payable	<u>3,088</u>	<u>3,947</u>
Total current liabilities	865,708	913,153
Long-term debt (Note 3)	<u>7,800</u>	<u>810</u>
Total liabilities	<u>873,508</u>	<u>913,963</u>
Net assets:		
Unrestricted	<u>33,062</u>	<u>30,968</u>
Total unrestricted net assets/total net assets	<u>33,062</u>	<u>30,968</u>
Total liabilities and net assets	<u>\$ 906,570</u>	<u>\$ 944,931</u>

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

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Activities
 Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets:		
Support and revenues:		
Campaign pledges	\$ 726,122	\$ 737,241
Less distributions to members	<u>627,568</u>	<u>659,627</u>
Administrative fees from campaign pledges	98,554	77,614
Dues and assessments	61,970	60,090
Contributed support (Note 8)	24,323	34,747
Special events	12,370	12,143
Foundation grants	2,018	3,110
Investment income	<u>329</u>	<u>784</u>
	<u>199,564</u>	<u>188,488</u>
Expenses:		
Program services:		
Services to members	23,538	24,576
Community outreach	39,949	41,689
Campaign	<u>78,938</u>	<u>83,135</u>
	142,425	149,400
Support services:		
Management and general	35,976	36,644
Fundraising	<u>19,069</u>	<u>18,507</u>
	<u>197,470</u>	<u>204,551</u>
Change in unrestricted net assets	2,094	(16,063)
Unrestricted net assets at beginning of year	<u>30,968</u>	<u>47,031</u>
Unrestricted net assets at end of year	<u>\$ 33,062</u>	<u>\$ 30,968</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, 2014

	Program Services			Support Services		Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising	
Payroll	\$ 15,385	\$ 26,181	\$ 46,276	\$ 17,372	\$ 7,401	\$ 112,615
Payroll taxes	1,680	2,859	5,053	1,897	808	12,297
Benefits	985	1,676	2,963	1,112	475	7,211
	<u>18,050</u>	<u>30,716</u>	<u>54,292</u>	<u>20,381</u>	<u>8,684</u>	<u>132,123</u>
Bank fees	-	-	146	1,010	-	1,156
Data processing - payroll	173	289	523	203	86	1,274
Depreciation	-	-	-	5,124	-	5,124
Dues and subscriptions	498	842	1,528	598	255	3,721
Annual event and fundraising	-	-	-	-	6,356	6,356
Insurance	272	459	828	324	136	2,019
Legal and professional	1,454	2,444	4,414	1,724	734	10,770
Meeting expenses	73	124	223	88	37	545
Occupancy	2,238	3,763	6,796	3,627	1,128	17,552
Postage and delivery	-	-	358	601	256	1,215
Printing and copying	-	-	4,792	1,027	1,006	6,825
Promotion	-	-	2,668	-	-	2,668
Supplies and miscellaneous	284	479	865	337	143	2,108
Telephone and internet	496	833	1,505	587	248	3,669
Unemployment insurance	-	-	-	345	-	345
	<u>\$ 23,538</u>	<u>\$ 39,949</u>	<u>\$ 78,938</u>	<u>\$ 35,976</u>	<u>\$ 19,069</u>	<u>\$ 197,470</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, 2013

	Program Services			Support Services		Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising	
Payroll	\$ 15,661	\$ 26,651	\$ 47,106	\$ 17,684	\$ 7,533	\$ 114,635
Payroll taxes	1,227	2,087	3,689	1,385	590	8,978
Benefits	915	1,557	2,752	1,032	440	6,696
Payroll reimbursement	<u>(152)</u>	<u>(256)</u>	<u>(463)</u>	<u>(182)</u>	<u>(77)</u>	<u>(1,130)</u>
	17,651	30,039	53,084	19,919	8,486	129,179
Bank fees	-	-	111	768	-	879
Data processing - payroll	175	294	531	207	87	1,294
Depreciation	-	-	-	4,212	-	4,212
Dues and subscriptions	476	805	1,461	572	243	3,557
Annual event and fundraising	-	-	-	-	5,271	5,271
Insurance	269	454	820	320	136	1,999
Legal and professional	2,087	3,508	6,336	2,474	1,053	15,458
Meeting expenses	122	207	373	146	63	911
Occupancy	2,288	3,846	6,946	3,694	1,152	17,926
Postage and delivery	-	-	402	674	287	1,363
Printing and copying	-	-	4,628	993	971	6,592
Professional development	37	64	115	45	19	280
Promotion	-	-	3,861	-	-	3,861
Supplies and miscellaneous	984	1,655	2,990	1,165	496	7,290
Telephone and internet	487	817	1,477	575	243	3,599
Travel	-	-	-	501	-	501
Unemployment insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>379</u>	<u>-</u>	<u>379</u>
	<u>\$ 24,576</u>	<u>\$ 41,689</u>	<u>\$ 83,135</u>	<u>\$ 36,644</u>	<u>\$ 18,507</u>	<u>\$ 204,551</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, 2014 and 2013

	2014	2013
Operating activities:		
Change in net assets	\$ 2,094	\$ (16,063)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,124	4,212
Loss on disposal of office equipment	1,188	-
Changes in operating assets and liabilities:		
Receivables	66,275	71,212
Prepaid items	(45)	330
Funds due to agencies	(47,306)	(92,384)
Accounts payable	(859)	1,333
Net cash provided by (used in) operating activities	26,471	(31,360)
Investing activities:		
Unemployment tax reserve	2,711	(1,543)
Financing activities:		
Principal payments on long-term debt	(2,100)	(1,620)
Increase (decrease) in cash and equivalents	27,082	(34,523)
Cash and equivalents at beginning of year	136,694	171,217
Cash and equivalents at end of year	\$ 163,776	\$ 136,694
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activities:		
Acquisition of office equipment in exchange for long-term debt	\$ 11,700	\$ -
Forgiveness of debt	\$ 1,890	\$ -

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

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2014 and 2013

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.

As required by the Financial Statements of Not-for-Profit Organizations topic of FASB ASC, 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. Community Shares has, accordingly, classified its financial statements to present classes of net assets. In addition, Community Shares is required to present a statement of cash flows.

As required by the Accounting for Contributions Received and Contributions Made topic of FASB ASC, 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.

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.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2014 and 2013

Note 2 **continued.**

Concentration of credit risk:

Cash in the Organization's bank accounts may, at times, exceed the Federal Deposit Insurance Corporation limit. 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.

Impairment of long-lived assets:

As required by the Property, Plant and Equipment topic of FASB ASC, the Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2014 and 2013.

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.

The Accounting for Contributions Received and Contributions Made topic of FASB ASC 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 the Contributions Received and Contributions Made topic of FASB ASC have not been satisfied.

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.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2014 and 2013

Note 2 **continued.**

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 2014 and 2013.

Income taxes:

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

The Organization has adopted the accounting guidance for Uncertainty in Income Taxes. The Organization's income tax filings are subject to audit by various taxing authorities. In evaluating its activities, the Organization believes its position of tax-exempt status is current based on current facts and circumstances. The Organization has assessed that there are no activities unrelated to its purpose and, therefore, no tax is to be recognized.

It is the policy of Community Shares to include in operating expenses penalties and interest assessed by income taxing authorities. There are no penalties or interest from taxing authorities included in operating expenses for the years ended December 31, 2014 and 2013.

Evaluation of subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 20, 2015, which is the date the financial statements were available to be issued, and has determined that there were no such subsequent events.

Note 3 **Long-term debt:**

At December 31, 2013, long-term debt consisted of a capital lease payable to Blue Technologies for a copier. The loan was payable in 36 installments of \$135 and was non-interest bearing.

That capital lease was replaced during 2014 with another capital lease for \$11,700 payable to Blue Technologies. The new loan is payable in 60 installments of \$195 and is non-interest bearing.

Future maturities on long-term debt are as follows:

2015	\$	2,340
2016		2,340
2017		2,340
2018		2,340
2019		<u>780</u>
	\$	<u><u>10,140</u></u>

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2014 and 2013

Note 4 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.

Fundraising:

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

Note 5 Related party transactions:

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

Note 6 Rental commitments:

Community Shares leases its office facilities on a month-to-month basis at \$1,104 per month.

Rent expense was \$13,253 and \$13,013 in 2014 and 2013, respectively.

Note 7 Total public support:

	2014	2013
Campaign pledges through Shares	\$ 726,122	\$ 737,241
Direct pay donor designation pledges to:		
Domestic Violence and Child Advocacy Center	56,369 *	49,831 *
Planned Parenthood of Greater Ohio	38,497 *	38,323 *
Total campaign pledges	820,988	825,395
Contributed support (Note 8)	24,323	34,747
Foundation grants	2,018	3,110
	\$ 847,329	\$ 863,252

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2014 and 2013

Note 7 **continued.**

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

Note 8 **Contributed support:**

	<u>2014</u>	<u>2013</u>
Individual donors	\$ 24,218	\$ 28,447
Corporate/business donors	80	6,000
Board donors	<u>25</u>	<u>300</u>
	<u>\$ 24,323</u>	<u>\$ 34,747</u>