

GREATER CLEVELAND COMMUNITY SHARES
FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

GREATER CLEVELAND COMMUNITY SHARES

CONTENTS

| | |
|-----------------------------------|------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Functional Expenses | 4-5 |
| Statements of Cash Flows | 6 |
| NOTES TO FINANCIAL STATEMENTS | 7-11 |



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, 2006 and 2005, 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, 2006 and 2005, 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 16, 2007

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Financial Position
 December 31, 2006 and 2005

| | 2006 | 2005 |
|---|--------------|--------------|
| <u>A S S E T S</u> | | |
| Current assets: | | |
| Cash and equivalents | \$ 200,665 | \$ 213,664 |
| Pledges receivable, net of allowance for uncollectible pledges of \$75,544 (\$36,689 in 2005) | 863,339 | 795,414 |
| Other receivables | 6,684 | 3,651 |
| Prepaid items | 95 | 250 |
| Total current assets | 1,070,783 | 1,012,979 |
| Office furniture and equipment | 23,065 | 14,522 |
| Less accumulated depreciation | 3,731 | 1,852 |
| | 19,334 | 12,670 |
| Total assets | \$ 1,090,117 | \$ 1,025,649 |

LIABILITIES AND NET ASSETS

| | | |
|---|--------------|--------------|
| Current liabilities: | | |
| Accounts payable | \$ 675 | \$ 2,154 |
| Funds due to agencies | 819,920 | 676,102 |
| Total current liabilities/total liabilities | 820,595 | 678,256 |
| Net assets: | | |
| Unrestricted | 211,722 | 341,393 |
| Temporarily restricted | 57,800 | 6,000 |
| Total net assets | 269,522 | 347,393 |
| Total liabilities and net assets | \$ 1,090,117 | \$ 1,025,649 |

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

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Activities
 Years ended December 31, 2006 and 2005

| | 2006 | 2005 |
|--|------------|------------|
| Unrestricted net assets: | | |
| Support and revenues: | | |
| Campaign pledges | \$ 796,079 | \$ 773,817 |
| Less distributions to members | 713,601 | 677,352 |
| | 82,478 | 96,465 |
| Foundation grants | 84,116 | 71,850 |
| Contributed support (Note 7) | 53,400 | 54,501 |
| Dues | 46,400 | 47,694 |
| Special events | 33,964 | 17,615 |
| Investment income | 10,286 | 6,137 |
| Other | - | 7,003 |
| | 310,644 | 301,265 |
| Expenses: | | |
| Program services: | | |
| Services to members | 37,871 | 44,442 |
| Community outreach | 64,856 | 68,075 |
| Campaign | 107,940 | 100,369 |
| | 210,667 | 212,886 |
| Support services: | | |
| Management and general | 62,705 | 52,161 |
| Fundraising | 47,307 | 39,255 |
| | 320,679 | 304,302 |
| Change in unrestricted net assets | (10,035) | (3,037) |
| Temporarily restricted net assets: | | |
| Foundation grants | 49,000 | 6,000 |
| Individual donors (Note 7) | 2,800 | - |
| Change in temporarily restricted net assets | 51,800 | 6,000 |
| Total change in net assets | 41,765 | 2,963 |
| Net assets at beginning of year, as restated (Note 8) | 227,757 | 344,430 |
| Net assets at end of year | \$ 269,522 | \$ 347,393 |

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

| | <u>Program Services</u> | | | <u>Support Services</u> | | <u>Total</u> |
|------------------------------|--------------------------------|-------------------------------|-------------------|-----------------------------------|--------------------|-------------------|
| | <u>Services To Members</u> | <u>Community Outreach</u> | <u>Campaign</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| 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 | <u>1,030</u> | <u>740</u> | <u>920</u> | <u>1,610</u> | <u>640</u> | <u>4,940</u> |
| | 31,404 | 53,712 | 70,669 | 37,856 | 26,644 | 220,285 |
| 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 | <u>22</u> | <u>40</u> | <u>1,160</u> | <u>546</u> | <u>49</u> | <u>1,817</u> |
| | <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
Statement of Functional Expenses
Year ended December 31, 2005

| | <u>Program Services</u> | | | <u>Support Services</u> | | <u>Total</u> |
|----------------------------|--------------------------------|-------------------------------|-------------------|-----------------------------------|--------------------|-------------------|
| | <u>Services To Members</u> | <u>Community Outreach</u> | <u>Campaign</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Payroll | \$ 25,425 | \$ 41,603 | \$ 59,985 | \$ 33,304 | \$ 23,867 | \$ 184,184 |
| Payroll taxes | 2,515 | 3,145 | 4,874 | 3,458 | 1,730 | 15,722 |
| Benefits | <u>1,167</u> | <u>1,458</u> | <u>2,260</u> | <u>1,604</u> | <u>802</u> | <u>7,291</u> |
| | 29,107 | 46,206 | 67,119 | 38,366 | 26,399 | 207,197 |
| Bank fees | 259 | 313 | 476 | 313 | - | 1,361 |
| Consulting | 600 | 600 | 1,100 | 1,303 | 600 | 4,203 |
| Depreciation | 232 | 290 | 436 | 334 | 160 | 1,452 |
| Dues and subscriptions | 719 | 870 | 1,399 | 378 | 416 | 3,782 |
| Insurance | 388 | 475 | 755 | 540 | - | 2,158 |
| Legal and professional | 587 | 713 | 1,115 | 737 | - | 3,152 |
| Meeting expenses | 960 | 1,201 | 1,981 | 1,201 | 660 | 6,003 |
| Occupancy | 3,387 | 4,099 | 6,238 | 4,099 | - | 17,823 |
| Postage and delivery | 575 | 718 | 3,232 | 1,508 | 1,149 | 7,182 |
| Printing and copying | 3,460 | 4,475 | 7,320 | 880 | 4,239 | 20,374 |
| Professional development | 131 | 137 | 192 | 151 | 76 | 687 |
| Promotion | 2,172 | 2,172 | 5,322 | - | 1,195 | 10,861 |
| Special events | - | 3,497 | - | - | 3,497 | 6,994 |
| Supplies and miscellaneous | 368 | 464 | 743 | 506 | 290 | 2,371 |
| Telephone | 662 | 801 | 1,219 | 801 | - | 3,483 |
| Travel | <u>835</u> | <u>1,044</u> | <u>1,722</u> | <u>1,044</u> | <u>574</u> | <u>5,219</u> |
| | <u>\$ 44,442</u> | <u>\$ 68,075</u> | <u>\$ 100,369</u> | <u>\$ 52,161</u> | <u>\$ 39,255</u> | <u>\$ 304,302</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, 2006 and 2005

| | 2006 | 2005 |
|---|------------|------------|
| Operating activities: | | |
| Change in net assets | \$ 41,765 | \$ 2,963 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 1,879 | 1,452 |
| Changes in operating assets and liabilities: | | |
| Receivables | (70,958) | (39,450) |
| Prepaid items | 155 | (250) |
| Accounts payable | (1,479) | 2,055 |
| Funds due to agencies | 24,182 | 70,725 |
| Net cash provided by (used in) operating activities | (4,456) | 37,495 |
| Investing activities: | | |
| Office furniture and equipment | (8,543) | (10,522) |
| (Decrease) increase in cash and equivalents | (12,999) | 26,973 |
| Cash and equivalents at beginning of year | 213,664 | 186,691 |
| Cash and equivalents at end of year | \$ 200,665 | \$ 213,664 |

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

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2006 and 2005

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. There are no temporarily or permanently restricted net assets at December 31, 2006 and 2005.

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, 2006 and 2005

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, 2006 and 2005

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 2006 and 2005.

Income taxes:

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

Reclassifications:

Certain amounts in 2005 have been reclassified to conform to the 2006 presentation.

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.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2006 and 2005

Note 3 - continued.

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 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, 2007, with an option to renew for an additional three years. Minimum payments due on the lease at December 31, 2006 are \$13,950.

Rent expense was \$13,950 in 2006 and 2005.

Note 6 - Total public support:

| | 2006 | 2005 |
|--------------------------------------|--------------|--------------|
| Campaign pledges through Shares | \$ 796,079 | \$ 773,817 |
| Direct pay donor designation pledges | 169,082* | 158,698* |
| Total campaign pledges | 965,161 | 932,515 |
| Foundation grants | 133,116 | 77,850 |
| Contributed support (Note 7) | 56,200 | 54,501 |
| | \$ 1,154,477 | \$ 1,064,866 |

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

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2006 and 2005

Note 7 - Contributed support:

| | 2006 | 2005 |
|---------------------------------|-----------|-----------|
| Individual donors | \$ 48,104 | \$ 38,487 |
| Board donors | 4,765 | 9,704 |
| Corporate/business donors | 3,331 | 5,560 |
| Lana Cowell Social Justice Fund | - | 750 |
| | \$ 56,200 | \$ 54,501 |

Note 8 - Restatement of net assets:

Net assets at December 31, 2005 have been restated due to understating funds due to agencies as of that date by the amount of \$119,636. The restatement is as follows:

| | |
|---|------------|
| Net assets at December 31, 2005, as originally stated | \$ 347,393 |
| Restatement to correct funds due to agencies | (119,636) |
| Net assets at December 31, 2005, as restated | \$ 227,757 |