

GREATER CLEVELAND COMMUNITY SHARES  
FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007

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 statements of financial position of Greater Cleveland Community Shares (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses 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, 2008 and 2007, 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  
August 12, 2009

GREATER CLEVELAND COMMUNITY SHARES  
 Statements of Financial Position  
 December 31, 2008 and 2007

	2008	2007
<u>A S S E T S</u>		
Current assets:		
Cash and equivalents	\$ 85,023	\$ 255,408
Pledges receivable, net of allowance for uncollectible pledges of \$44,194 (\$42,152 in 2007)	967,193	884,523
Other receivables	6,464	6,057
Prepaid items	4,052	498
Total current assets	1,062,732	1,146,486
Office furniture and equipment	23,065	23,065
Less accumulated depreciation	8,345	6,038
	14,720	17,027
Total assets	\$ 1,077,452	\$ 1,163,513

LIABILITIES AND NET ASSETS

Current liabilities:		
Funds due to agencies	\$ 1,008,251	\$ 1,015,587
Accounts payable	2,380	3,569
Total current liabilities/total liabilities	1,010,631	1,019,156
Net assets:		
Unrestricted	56,821	100,757
Temporarily restricted	10,000	43,600
Total net assets	66,821	144,357
Total liabilities and net assets	\$ 1,077,452	\$ 1,163,513

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

GREATER CLEVELAND COMMUNITY SHARES  
 Statements of Activities  
 Years ended December 31, 2008 and 2007

	2008	2007
Unrestricted net assets:		
Support and revenues:		
Campaign pledges	\$ 888,841	\$ 856,585
Less distributions to members	772,967	789,762
	115,874	66,823
Foundation grants	45,500	83,600
Dues	52,300	45,200
Contributed support (Note 7)	44,131	54,144
Special events	15,040	2,875
Interest income	4,670	4,659
Gain (loss) on investments	(24,915)	6,845
Net assets released from restrictions	43,600	57,800
	296,200	321,946
Expenses:		
Program services:		
Services to members	39,131	43,790
Community outreach	67,526	64,055
Campaign	124,781	118,206
	231,438	226,051
Support services:		
Management and general	75,728	71,083
Fundraising	32,970	31,413
	340,136	328,547
Change in unrestricted net assets	(43,936)	(6,601)
Temporarily restricted net assets:		
Foundation grants	10,000	40,400
Individual donors (Note 7)	-	3,200
Net assets released from restrictions	(43,600)	(57,800)
Change in temporarily restricted net assets	(33,600)	(14,200)
Total change in net assets	(77,536)	(20,801)
Net assets at beginning of year	144,357	165,158
Net assets at end of year	\$ 66,821	\$ 144,357

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

GREATER CLEVELAND COMMUNITY SHARES  
Statement of Functional Expenses  
Year ended December 31, 2008

	Program Services			Support Services		Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising	
Payroll	\$ 29,421	\$ 49,417	\$ 82,564	\$ 39,755	\$ 20,518	\$ 221,675
Payroll taxes	2,437	4,045	6,899	3,475	1,734	18,590
Benefits	1,263	1,737	4,150	1,288	1,218	9,656
	<u>33,121</u>	<u>55,199</u>	<u>93,613</u>	<u>44,518</u>	<u>23,470</u>	<u>249,921</u>
Bank fees	-	-	189	850	710	1,749
Cleaning and maintenance	-	-	-	2,025	-	2,025
Consulting	301	414	991	2,888	290	4,884
Data processing - payroll	-	-	-	1,345	-	1,345
Depreciation	287	396	940	407	277	2,307
Dues and subscriptions	79	489	260	2,520	76	3,424
Insurance	268	370	882	379	260	2,159
Legal and professional	675	929	3,641	2,622	929	8,796
Meeting expenses	1,029	214	305	7,161	140	8,849
Occupancy	2,030	2,823	7,038	2,883	2,044	16,818
Postage and delivery	151	1,716	2,420	872	1,245	6,404
Printing and copying	331	2,025	9,512	1,807	2,335	16,010
Professional development	-	60	-	430	465	955
Promotion	35	1,790	2,065	596	34	4,520
Supplies and miscellaneous	488	632	1,493	2,955	352	5,920
Telephone	306	418	1,002	439	276	2,441
Travel	30	51	430	1,031	67	1,609
	<u>\$ 39,131</u>	<u>\$ 67,526</u>	<u>\$ 124,781</u>	<u>\$ 75,728</u>	<u>\$ 32,970</u>	<u>\$ 340,136</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, 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  
 Statements of Cash Flows  
 Years ended December 31, 2008 and 2007

	2008	2007
Operating activities:		
Change in net assets	\$ (77,536)	\$ (20,801)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,307	2,307
Changes in operating assets and liabilities:		
Receivables	(83,077)	(20,557)
Prepaid items	(3,554)	(403)
Funds due to agencies	(7,336)	91,303
Accounts payable	(1,189)	2,894
Net cash provided by (used in) operating activities	(170,385)	54,743
Cash and equivalents at beginning of year	255,408	200,665
Cash and equivalents at end of year	\$ 85,023	\$ 255,408

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

GREATER CLEVELAND COMMUNITY SHARES  
Notes to Financial Statements  
December 31, 2008 and 2007

**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.

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.

GREATER CLEVELAND COMMUNITY SHARES  
Notes to Financial Statements  
December 31, 2008 and 2007

**Note 2 - continued.**

**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.

**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.

GREATER CLEVELAND COMMUNITY SHARES  
Notes to Financial Statements  
December 31, 2008 and 2007

**Note 2 - continued.**

**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 2008 and 2007.

**Income taxes:**

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

**Reclassifications:**

Certain amounts in 2007 have been reclassified to conform to the 2008 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.

**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, 2008 and 2007

**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, 2008 are as follows:

2009	\$ 13,253
2010	13,253
2011	13,253
2012	<u>13,253</u>
	<u>\$ 53,012</u>

Rent expense was \$13,210 and \$13,900 in 2008 and 2007, respectively.

**Note 6 - Total public support:**

	<u>2008</u>	<u>2007</u>
Campaign pledges through Shares	\$ 888,841	\$ 856,585
Direct pay donor designation pledges	<u>164,165*</u>	<u>147,366*</u>
Total campaign pledges	1,053,006	1,003,951
Foundation grants	55,500	124,000
Contributed support (Note 7)	<u>44,131</u>	<u>57,344</u>
	<u>\$ 1,152,637</u>	<u>\$ 1,185,295</u>

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

GREATER CLEVELAND COMMUNITY SHARES  
Notes to Financial Statements  
December 31, 2008 and 2007

**Note 7 - Contributed support:**

	<u>2008</u>	<u>2007</u>
Individual donors	\$ 37,423	\$ 49,482
Board donors	4,350	5,307
Corporate/business donors	<u>2,358</u>	<u>2,555</u>
	<u>\$ 44,131</u>	<u>\$ 57,344</u>