



GREATER CLEVELAND COMMUNITY SHARES

FINANCIAL STATEMENTS

DECEMBER 31, 2004

(WITH COMPARATIVE TOTALS FOR 2003)

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**INDEPENDENT AUDITOR'S REPORT**

TO THE BOARD OF DIRECTORS
GREATER CLEVELAND COMMUNITY SHARES

We have audited the accompanying statement of financial position of the several funds of Greater Cleveland Community Shares as of December 31, 2004, and the related statements of activities, functional expenses and distributions to member agencies, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from Greater Cleveland Community Shares' 2003 financial statements and, in our report dated April 22, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit 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 audit provides 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, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Willoughby, Ohio
May 6, 2005

Heiser & Jaska



GREATER CLEVELAND COMMUNITY SHARES

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$186,691	\$183,487
Campaign Receivables (Note 2):		
Prior Years (Net of Uncollectibles)	81,328	85,241
Current Year, Less Allowance for Uncollectible Pledges & UW Fees of \$84,295	668,696	635,226
Other Receivables	<u>9,591</u>	
	<u>946,306</u>	<u>903,954</u>
EQUIPMENT (Less Accumulated Depreciation)	<u>3,600</u>	
Total Assets	<u>\$949,906</u>	<u>\$903,954</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 99	\$ 579
Funds Due Agencies	<u>184,511</u>	<u>171,276</u>
Total Liabilities	<u>184,610</u>	<u>171,855</u>
NET ASSETS		
Unrestricted	(36,505)	(5,673)
Temporarily Restricted	<u>801,801</u>	<u>737,772</u>
	<u>765,296</u>	<u>732,099</u>
Total Liabilities & Net Assets	<u>\$949,906</u>	<u>\$903,954</u>

See accompanying notes.



GREATER CLEVELAND COMMUNITY SHARES

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2004 Total</u>	<u>2003 Total</u>
SUPPORT AND REVENUES				
PUBLIC SUPPORT:				
Contributions Applicable to Current Period:				
Contributions Received in Prior Periods (Released from Restriction)	\$738,913	\$(738,913)	\$	\$
Less: Donor Designations	(317,756)	317,756		
UW Fees	(19,723)	19,723		
Additional Contributions Received	11,133		11,133	
Allowance for Uncollectible Pledges	(55,759)	55,759		
Total Contributions for Current Period	<u>356,808</u>	<u>(345,675)</u>	<u>11,133</u>	
Contributions Applicable to Next Period:				
Campaign Pledges Received for Next Allocation Period (Note 2)		832,648	832,648	738,913
Less: Donor Designations		(338,649)	(338,649)	(354,048)
Less: Allowance for Uncollectible Pledges		(61,933)	(61,933)	(30,000)
UW Administration Fee		(22,362)	(22,362)	(16,000)
Total Contributions for Next Period		<u>409,704</u>	<u>409,704</u>	<u>338,865</u>
Total Contributions	356,808	64,029	420,837	338,865
Grants for Operating Support	67,100		67,100	79,000
Major Donor & Corporate Contributions	67,328		67,328	52,372
Total Public Support	<u>491,236</u>	<u>64,029</u>	<u>555,265</u>	<u>470,237</u>
Revenues:				
Members	44,500		44,500	51,395
Ohio Shares				35,000
Special Events	674		674	2,385
Investment Income	2,429		2,429	1,116
Total Revenues	<u>47,603</u>		<u>47,603</u>	<u>89,896</u>
Total Support & Revenues	<u>538,839</u>	<u>64,029</u>	<u>602,868</u>	<u>560,133</u>
EXPENSES				
Program Services:				
Non-Designated Distributions	262,837		262,837	223,514
Services to Members	45,702		45,702	43,750
Community Outreach	57,011		57,011	50,352
Ohio Shares Program	21,144		21,144	17,373
Total Program Services	<u>386,694</u>		<u>386,694</u>	<u>334,989</u>
Supportive Services:				
Campaign	92,286		92,286	90,373
Management & General	58,101		58,101	50,142
Fundraising	32,590		32,590	30,785
Moving Costs				2,205
Total Program & Supporting Expenses	<u>569,671</u>		<u>569,671</u>	<u>508,494</u>
CHANGE IN NET ASSETS	(30,832)	64,029	33,197	51,639
NET ASSETS - BEGINNING	<u>(5,673)</u>	<u>737,772</u>	<u>732,099</u>	<u>680,460</u>
NET ASSETS - ENDING	<u>\$ (36,505)</u>	<u>\$ 801,801</u>	<u>\$765,296</u>	<u>\$732,099</u>

See accompanying notes.



GREATER CLEVELAND COMMUNITY SHARES

STATEMENT OF FUNCTIONAL EXPENSES AND DISTRIBUTIONS TO MEMBER AGENCIES

YEAR ENDED DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	NON-DESIGNATED DISTRIBUTIONS TO MEMBERS	SERVICE TO MEMBERS	COMMUNITY OUTREACH	OHIO SHARES	CAMPAIGN	MANAGEMENT & GENERAL	FUND RAISING	2004	2003
								\$	TOTAL
	\$262,837	\$	\$	\$ 5,625	\$	\$	\$	\$268,462	\$223,514
Personnel	32,757	40,987	3,233	63,463	45,511	22,956	208,907	187,188	
Printing	3,361	4,428	2,168	7,348	800	4,232	22,337	23,061	
Rent	3,131	3,879	5,882	3,840	16,732	16,540	16,732	16,540	
Supplies & Miscellaneous	2,286	2,829	4,560	2,987	15,133	15,018	15,133	15,018	
Consultants	653	751	9,000	1,647	9,000	9,200	9,000	9,200	
Postage	1,055	1,055	20	3,489	1,647	1,251	7,791	8,400	
Promotion	662	831	20	2,577	874	555	5,262	6,996	
Meeting Expenses	380	477	1,098	1,398	874	465	4,230	3,349	
Equipment	561	702	827	1,083	478	267	3,527	3,268	
Travel	393	489	747	1,083	838	393	3,577	2,884	
Phone	211	265	437	437	529	287	2,765	2,205	
Moving Costs	252	318	475	475	310	1,852	2,158	1,852	
Insurance							1,200	1,200	
Legal & Professional							1,355	1,054	
Bookkeeping									
Total Functional Expenses	\$262,837	\$ 45,702	\$ 57,011	\$ 21,144	\$ 92,286	\$ 58,101	\$ 32,590	\$569,671	\$508,494

TOTAL DISTRIBUTIONS TO NON-PROFIT ORGANIZATIONS - See Note 8

See accompanying notes.



GREATER CLEVELAND COMMUNITY SHARES

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2004
(WITH COMPARATIVE TOTALS FOR 2003)

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 33,197</u>	<u>\$ 51,639</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	400	
Increase in Receivables	(39,148)	(41,932)
Increase in Liabilities	<u>12,755</u>	<u>20,138</u>
Total Adjustments	<u>(25,993)</u>	<u>(21,794)</u>
Cash Provided by Operating Activities	7,204	29,845
CASH USED BY INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>(4,000)</u>	_____
Cash Used by Investing Activities	<u>(4,000)</u>	_____
NET INCREASE IN CASH	<u>3,204</u>	<u>29,845</u>
CASH - Beginning of Year	<u>183,487</u>	<u>153,642</u>
CASH - End of Year	<u>\$186,691</u>	<u>\$183,487</u>

See accompanying notes.



GREATER CLEVELAND COMMUNITY SHARES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTES:

1. ORGANIZATION AND PURPOSE

Greater Cleveland Community Shares (Community Shares) is a non-profit corporation, providing financial and other support for member non-profit organizations located primarily in the Northeast Ohio area. Member organizations are actively engaged in programs directed toward community improvement, social change, and citizen education and empowerment. The principal goal of Community Shares is to help a range of community-based organizations which do not receive long-term sustaining funds from other funders. Eligibility for membership is based on the type of organization as described by the membership criteria. Members must be a Section 501(c)(3) organization and meet other membership standards and participation requirements.

DISTRIBUTIONS TO MEMBER AGENCIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of Community Shares have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets would permit the Organization to use all or part of the income earned on the asset.



GREATER CLEVELAND COMMUNITY SHARES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTES (CONTINUED):

There are no permanently restricted funds as of December 31, 2004 or 2003.

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 among the programs and supporting services benefited.

TEMPORARILY RESTRICTED FUNDS - RECLASSIFICATION OF NET ASSETS

When a donor 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 are reported in the statement of activities as assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The temporarily restricted net assets are due to time restrictions for pledges received for next year.

MAJOR FUNDING

Community Shares conducts an annual campaign for its Member Agencies concurrently with the Annual United Way Campaign offering alternatives and nontraditional choices for individuals and businesses in Northeastern Ohio.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

TAX STATUS

The Organization is a non-profit organization that is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

CONTRIBUTIONS

All contributions are considered unrestricted unless specifically restricted by the donor.

**GREATER CLEVELAND COMMUNITY SHARES**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTES (CONTINUED):

REVENUE RECOGNITION

Pledges of contributions are recorded as received and are recognized as support in the period in which they are designated to be used.

CAMPAIGN EXPENSES

In accordance with generally accepted accounting principles, campaign costs are expensed as incurred.

CAMPAIGN RECEIVABLES

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

CASH FLOWS

For purposes of reporting cash flows, cash includes only cash on hand and in money market accounts.

CASH EQUIVALENTS AND CREDIT RISK

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

During the period, the Organization has occasionally maintained cash equivalent balances at its bank in excess of the amount insured by the FDIC.

CONCENTRATION OF CREDIT RISK

The majority of pledges and receivables are from individuals and other entities located in the Northeast Ohio Area.

FINANCIAL INSTRUMENTS

The amounts recorded on the Statement of Financial Position for financial instruments approximates the fair value of those items.

ADVERTISING COSTS

Advertising costs are expensed as incurred.



GREATER CLEVELAND COMMUNITY SHARES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTES (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 2004 and 2003.

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.

All members of Community Shares and other volunteers have donated significant amounts of time to Community Shares in furthering the Organization's programs and objectives. No amounts have been included in the financial statements for donated member or volunteer services since they did not meet the criteria for recognition under FASB 116.

3. FUNCTIONAL EXPENSES

SERVICE TO MEMBERS

Service to members includes 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.

OHIO SHARES

Ohio Shares is a collaboration of five community-based federations in the following Ohio regions: Cleveland, Columbus, Cincinnati, Toledo and Lorain County. They came together in 2001 to initiate a collaborative approach to expand and enhance greater choice in workplace giving. Through funding from Changemakers and the George Gund Foundation, Ohio Shares has proven that an inclusive approach to philanthropy is a more effective method of addressing root causes of social and economic injustice. The Ohio Shares collaboration (comprised of Greater Cincinnati Community Shares, Greater Cleveland Community Shares, Community Shares of Mid-Ohio [Columbus], Northwest Ohio Community Shares [Toledo]) and Lorain County Community Shares have successfully combined efforts to gain access to employee giving campaigns in Ohio's private sector businesses.

**GREATER CLEVELAND COMMUNITY SHARES**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTES (CONTINUED):

CAMPAIGN

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

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.

FUND RAISING

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

MOVING COST

Community Shares moved its offices effective January 1, 2003 and is sharing space with three other non-profit organizations, two of which are member organizations. Grants to offset moving costs are shared with these organizations.

4. RELATED PARTIES

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

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

5. LEASE COMMITMENTS

Community Shares moved into its offices on January 1, 2003.

The significant terms of the lease agreement are an initial lease period of five years (until December 31, 2007) with an option to renew for three years. Minimum annual rental payments are \$14,568 with additional charge for utilities.



GREATER CLEVELAND COMMUNITY SHARES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTES (CONTINUED):

6. COMPARATIVE TOTALS

The financial statements include certain prior-year comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with the Organization's financial statements for the year ended December 31, 2003, from which the comparative total amounts were derived. The auditor's report dated April 22, 2004 expressed an unqualified opinion on those financial statements.

7. TOTAL PUBLIC SUPPORT

	<u>2004</u>	<u>2003</u>
Campaign Pledges Through Shares	\$ 832,648	\$ 738,913
Direct Pay Donor Designation Pledges	<u>152,904</u>	<u>149,121</u>
Total Campaign Pledges	985,552	888,034
Major Donors & Foundations	<u>134,428</u>	<u>131,372</u>
Total Public Support	<u>\$1,119,980</u>	<u>\$1,019,406</u>

8. CAMPAIGN DISTRIBUTIONS TO NON-PROFIT ENTITIES

Campaign distributions from 2003 Campaign:

Donor Designations	\$ 317,756
Non-Designated Distributions	262,837
Direct Pay Distributions	131,800
Payments to Affiliates	<u>2,100</u>
Total 2003 Campaign Distributions	<u>\$ 714,493</u>

Campaign pledges from 2003 Campaign:

Total Campaign Pledges (See Above)	\$ 888,034
Less: Uncollectible Pledges & UWS Fees	<u>84,295</u>
Net Campaign Pledges	<u>\$ 803,739</u>

9. AFFILIATED ORGANIZATIONS

In addition to member agencies, payments to affiliated organizations are included in Distributions to Non-Profit Organizations. The payments were \$2,100 and \$2,100 for 2004 and 2003, respectively.