

GREATER CLEVELAND COMMUNITY SHARES

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

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, 2009 and 2008, 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, 2009 and 2008, 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
March 15, 2011

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Financial Position
 December 31, 2009 and 2008

	2009	2008
<u>A S S E T S</u>		
Current assets:		
Cash and equivalents	\$ 79,609	\$ 85,023
Pledges receivable, net of allowance for uncollectible pledges of \$44,194 in 2009 and 2008	925,186	967,193
Other receivables	2,796	6,464
Prepaid items	769	4,052
Total current assets	1,008,360	1,062,732
Office furniture and equipment	23,065	23,065
Less accumulated depreciation	10,651	8,345
	12,414	14,720
Unemployment tax reserve	7,520	9,813
Total assets	\$ 1,028,294	\$ 1,087,265
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Funds due to agencies	\$ 962,854	\$ 977,776
Accounts payable	684	2,380
Total current liabilities/total liabilities	963,538	980,156
Net assets:		
Unrestricted	64,756	97,109
Temporarily restricted	-	10,000
Total net assets	64,756	107,109
Total liabilities and net assets	\$ 1,028,294	\$ 1,087,265

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

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Activities
 Years ended December 31, 2009 and 2008

	2009	2008
Unrestricted net assets:		
Support and revenues:		
Campaign pledges	\$ 937,823	\$ 929,945
Less distributions to members	846,388	824,700
Administrative fees from campaign pledges	91,435	105,245
Dues	61,732	52,300
Contributed support (Note 7)	46,041	44,131
Special events	20,637	15,040
Foundation grants	7,500	45,500
Interest income	1,626	4,670
Miscellaneous	12,425	16,465
Net assets released from restrictions	10,000	43,600
	251,396	326,951
Expenses:		
Program services:		
Services to members	33,446	39,000
Community outreach	56,109	67,308
Campaign	115,009	124,410
	204,564	230,718
Support services:		
Management and general	52,102	75,541
Fundraising	27,083	32,877
	283,749	339,136
Change in unrestricted net assets	(32,353)	(12,185)
Temporarily restricted net assets:		
Foundation grants	-	10,000
Net assets released from restrictions	(10,000)	(43,600)
Change in temporarily restricted net assets	(10,000)	(33,600)
Total change in net assets	(42,353)	(45,785)
Net assets at beginning of year, as restated (Note 8)	107,109	152,894
Net assets at end of year	\$ 64,756	\$ 107,109

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

GREATER CLEVELAND COMMUNITY SHARES
Statement of Functional Expenses
Year ended December 31, 2009

	Program Services			Support Services		Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising	
Payroll	\$ 25,426	\$ 43,269	\$ 76,479	\$ 28,711	\$ 12,230	\$ 186,115
Payroll taxes	2,149	3,590	5,809	2,453	1,112	15,113
Benefits	1,247	1,475	4,756	2,567	848	10,893
Payroll reimbursement	(543)	(914)	(1,652)	(645)	(275)	(4,029)
	<u>28,279</u>	<u>47,420</u>	<u>85,392</u>	<u>33,086</u>	<u>13,915</u>	<u>208,092</u>
Bank fees	-	-	210	1,449	-	1,659
Cleaning and maintenance	-	-	-	1,200	-	1,200
Consulting	174	292	528	206	88	1,288
Data processing - payroll	188	315	569	222	94	1,388
Depreciation	-	-	-	2,306	-	2,306
Dues and subscriptions	339	569	1,028	401	171	2,508
Facilities and catering fees	-	-	-	-	7,626	7,626
Insurance	266	448	809	316	134	1,973
Legal and professional	871	1,465	2,645	1,032	439	6,452
Meeting expenses	33	56	101	40	17	247
Occupancy	2,336	3,928	7,095	2,769	1,177	17,305
Postage and delivery	-	-	1,195	2,006	854	4,055
Printing and copying	-	-	9,935	2,130	2,085	14,150
Professional development	48	82	148	58	24	360
Promotion	-	-	2,583	-	-	2,583
Supplies and miscellaneous	593	999	1,804	704	299	4,399
Telephone	319	535	967	377	160	2,358
Travel	-	-	-	327	-	327
Unemployment insurance claims	-	-	-	3,473	-	3,473
	<u>\$ 33,446</u>	<u>\$ 56,109</u>	<u>\$ 115,009</u>	<u>\$ 52,102</u>	<u>\$ 27,083</u>	<u>\$ 283,749</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, 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	2,306	3,827	6,528	3,288	1,641	17,590
Benefits	1,263	1,737	4,150	1,288	1,218	9,656
	<u>32,990</u>	<u>54,981</u>	<u>93,242</u>	<u>44,331</u>	<u>23,377</u>	<u>248,921</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>\$ 39,000</u>	<u>\$ 67,308</u>	<u>\$ 124,410</u>	<u>\$ 75,541</u>	<u>\$ 32,877</u>	<u>\$ 339,136</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, 2009 and 2008

	2009	2008
Operating activities:		
Change in net assets	\$ (42,353)	\$ (45,785)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,306	2,307
Changes in operating assets and liabilities:		
Receivables	45,675	(83,077)
Prepaid items	3,283	(3,554)
Funds due to agencies	(14,922)	(37,811)
Accounts payable	(1,696)	(1,189)
Net cash used in operating activities	(7,707)	(169,109)
 Investing activities:		
Unemployment tax reserve	2,293	(1,276)
 Decrease in cash and equivalents	(5,414)	(170,385)
 Cash and equivalents at beginning of year	85,023	255,408
 Cash and equivalents at end of year	\$ 79,609	\$ 85,023

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

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2009 and 2008

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.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2009 and 2008

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. 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, 2009 and 2008.

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 SFAS No. 116 have not been satisfied.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2009 and 2008

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 2009 and 2008.

Income taxes:

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

Evaluation of subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report on these financial statements.

Reclassifications:

Certain amounts in 2008 have been reclassified to conform to the 2009 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, 2009 and 2008

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, 2012, with 60-day notice of cancellation after two years. Minimum payments due on the lease at December 31, 2009 are as follows:

2010	\$ 13,253
2011	13,253
2012	<u>13,253</u>
	<u>\$ 39,759</u>

Rent expense was \$13,523 and \$13,210 in 2009 and 2008, respectively.

Note 6 - Total public support:

	2009	2008
Campaign pledges through Shares	\$ 937,823	\$ 929,945
Direct pay donor designation pledges	<u>155,520*</u>	<u>164,165*</u>
Total campaign pledges	1,093,343	1,094,110
Contributed support (Note 7)	46,041	44,131
Foundation grants	<u>7,500</u>	<u>55,500</u>
	<u>\$ 1,146,884</u>	<u>\$ 1,193,741</u>

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2009 and 2008

Note 6 - continued.

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

Note 7 - Contributed support:

	2009	2008
Individual donors	\$ 36,010	\$ 37,423
Corporate/business donors	5,806	2,358
Board donors	4,225	4,350
	\$ 46,041	\$ 44,131

Note 8 - Restatement of net assets:

Net assets have been restated to reflect the Organization's unemployment tax reserve, the value of which was \$9,813 and \$8,537 at December 31, 2008 and 2007, respectively. In addition, it was determined that funds due to agencies was understated at December 31, 2008. The restatements are as follows:

	2008	2007
Net assets at beginning of year, as previously reported	\$ 66,821	\$ 144,357
Adjustment for understatement of unemployment tax reserve	9,813	8,537
Adjustment for understatement of funds due to agencies	30,475	-
Net assets at beginning of year, as restated	\$ 107,109	\$ 152,894

The net effect in 2008 of the above adjustment was to reduce the decrease in net assets from \$77,536 to \$45,785.