

GREATER CLEVELAND COMMUNITY SHARES
FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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, 2010 and 2009, 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, 2010 and 2009, 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
September 7, 2011

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Financial Position
 December 31, 2010 and 2009

	2010	2009
<u>A S S E T S</u>		
Current assets:		
Cash and equivalents	\$ 52,849	\$ 79,609
Pledges receivable, net of allowance for uncollectible pledges of \$41,578 and \$44,194 in 2010 and 2009, respectively	882,394	925,186
Other receivables	11,864	2,796
Prepaid items	-	769
Total current assets	947,107	1,008,360
Office furniture and equipment	23,065	23,065
Less accumulated depreciation	12,957	10,651
	10,108	12,414
Unemployment tax reserve	9,836	7,520
Total assets	\$ 967,051	\$ 1,028,294
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Funds due to agencies	\$ 930,506	\$ 962,854
Accounts payable	828	684
Total current liabilities/total liabilities	931,334	963,538
Unrestricted net assets	35,717	64,756
Total liabilities and net assets	\$ 967,051	\$ 1,028,294

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

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Activities
 Years ended December 31, 2010 and 2009

	2010	2009
Unrestricted net assets:		
Support and revenues:		
Campaign pledges	\$ 832,222	\$ 937,823
Less distributions to members	752,897	846,388
Administrative fees from campaign pledges	79,325	91,435
Dues and assessments	88,996	61,732
Contributed support (Note 7)	23,439	46,041
Special events	19,737	20,637
Foundation grants	4,000	7,500
Interest income	921	1,626
Miscellaneous	-	12,425
Net assets released from restrictions	-	10,000
	216,418	251,396
Expenses:		
Program services:		
Services to members	29,434	33,446
Community outreach	50,013	56,109
Campaign	100,229	115,009
	179,676	204,564
Support services:		
Management and general	42,700	52,102
Fundraising	23,081	27,083
	245,457	283,749
Change in unrestricted net assets	(29,039)	(32,353)
Temporarily restricted net assets:		
Net assets released from restrictions	-	(10,000)
Change in temporarily restricted net assets	-	(10,000)
Total change in net assets	(29,039)	(42,353)
Net assets at beginning of year	64,756	107,109
Net assets at end of year	\$ 35,717	\$ 64,756

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

GREATER CLEVELAND COMMUNITY SHARES
Statement of Functional Expenses
Year ended December 31, 2010

	Program Services			Support Services		Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising	
Payroll	\$ 22,342	\$ 38,020	\$ 67,202	\$ 25,228	\$ 10,746	\$ 163,538
Payroll taxes	1,880	3,199	5,654	2,123	904	13,760
Benefits	1,301	2,213	3,912	1,468	626	9,520
Payroll reimbursement	(428)	(721)	(1,303)	(508)	(217)	(3,177)
	<u>25,095</u>	<u>42,711</u>	<u>75,465</u>	<u>28,311</u>	<u>12,059</u>	<u>183,641</u>
Bank fees	-	-	185	1,280	-	1,465
Cleaning and maintenance	-	-	-	1,000	-	1,000
Consulting	3	6	10	4	2	25
Data processing - payroll	185	310	560	218	92	1,365
Depreciation	-	-	-	2,306	-	2,306
Dues and subscriptions	45	76	138	54	23	336
Facilities and catering fees	-	-	-	-	6,316	6,316
Insurance	272	459	829	324	137	2,021
Legal and professional	674	1,133	2,046	799	340	4,992
Meeting expenses	155	263	474	186	80	1,158
Occupancy	2,335	3,926	7,090	2,767	1,176	17,294
Postage and delivery	-	-	1,167	1,959	834	3,960
Printing and copying	-	-	8,033	1,722	1,686	11,441
Professional development	39	67	121	48	20	295
Promotion	-	-	2,193	-	-	2,193
Supplies and miscellaneous	310	523	944	368	156	2,301
Telephone	321	539	974	380	160	2,374
Travel	-	-	-	521	-	521
Unemployment insurance claims	-	-	-	453	-	453
	<u>\$ 29,434</u>	<u>\$ 50,013</u>	<u>\$ 100,229</u>	<u>\$ 42,700</u>	<u>\$ 23,081</u>	<u>\$ 245,457</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, 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
 Statements of Cash Flows
 Years ended December 31, 2010 and 2009

	2010	2009
Operating activities:		
Change in net assets	\$ (29,039)	\$ (42,353)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,306	2,306
Changes in operating assets and liabilities:		
Receivables	33,724	45,675
Prepaid items	769	3,283
Funds due to agencies	(32,348)	(14,922)
Accounts payable	144	(1,696)
Net cash used in operating activities	(24,444)	(7,707)
 Investing activities:		
Unemployment tax reserve	(2,316)	2,293
 Decrease in cash and equivalents	(26,760)	(5,414)
 Cash and equivalents at beginning of year	79,609	85,023
 Cash and equivalents at end of year	\$ 52,849	\$ 79,609

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

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2010 and 2009

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, 2010 and 2009

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, 2010 and 2009.

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.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2010 and 2009

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 2010 and 2009.

Income taxes:

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated business income, if any, are provided at the applicable rates on income for financial reporting purposes.

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, 2010 and 2009.

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 2009 have been reclassified to conform to the 2010 presentation.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2010 and 2009

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.

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, 2010 are as follows:

2011	\$ 13,253
2012	<u>13,253</u>
	<u>\$ 26,506</u>

Rent expense was \$13,565 and \$13,523 in 2010 and 2009, respectively.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2010 and 2009

Note 6 - Total public support:

	2010	2009
Campaign pledges through Shares	\$ 832,222	\$ 937,823
Direct pay donor designation pledges	85,498*	155,520*
Total campaign pledges	917,720	1,093,343
Contributed support (Note 7)	23,439	46,041
Foundation grants	4,000	7,500
	\$ 945,159	\$ 1,146,884

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

Note 7 - Contributed support:

	2010	2009
Individual donors	\$ 21,289	\$ 36,010
Board donors	1,595	4,225
Corporate/business donors	200	5,806
Other	355	-
	\$ 23,439	\$ 46,041