

GREATER CLEVELAND COMMUNITY SHARES

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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 financial statements of Greater Cleveland Community Shares (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kopit & Associates, LLC

Cleveland, Ohio
January 16, 2020

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Financial Position
 December 31, 2018 and 2017

<u>ASSETS</u>	2018	2017
Current assets:		
Cash and cash equivalents	\$ 243,934	\$ 319,215
Pledges receivable, net of allowance for uncollectible pledges of \$45,180 and \$25,111 in 2018 and 2017, respectively	684,618	650,909
Other receivables	67,950	72,369
Prepaid items	495	2,344
Total current assets	996,997	1,044,837
Office furniture and equipment	38,714	38,714
Less accumulated depreciation	35,194	32,064
	3,520	6,650
Unemployment tax reserve	16,150	14,729
Total assets	\$ 1,016,667	\$ 1,066,216
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of long-term debt	\$ 780	\$ 2,340
Funds due to agencies	836,037	847,503
Accounts payable	4,050	6,617
Total current liabilities	840,867	856,460
Long-term debt (Note 3)	-	780
Total liabilities	840,867	857,240
Net assets:		
Without donor restrictions	175,800	208,976
Total net assets without donor restrictions/total net assets	175,800	208,976
Total liabilities and net assets	\$ 1,016,667	\$ 1,066,216

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

GREATER CLEVELAND COMMUNITY SHARES
 Statements of Activities
 Years ended December 31, 2018 and 2017

	2018	2017
Unrestricted net assets:		
Support and revenues:		
Campaign pledges	\$ 641,563	\$ 667,133
Less distributions to members	570,365	588,579
Administrative fees from campaign pledges	71,198	78,554
Contributed support (Note 8)	23,328	128,368
Dues and assessments	43,550	60,875
Special event revenue (Power Lunch)	15,102	15,065
Foundation grants	4,014	10,508
Investment income	2,754	2,610
	159,946	295,980
Expenses:		
Program services:		
Services to members	23,357	22,120
Community outreach	39,575	37,506
Campaign	77,653	73,725
	140,585	133,351
Support services:		
Management and general	34,063	32,954
Fundraising	18,474	17,619
	193,122	183,924
Change in unrestricted net assets	(33,176)	112,056
Unrestricted net assets at beginning of year	208,976	96,920
Unrestricted net assets at end of year	\$ 175,800	\$ 208,976

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

GREATER CLEVELAND COMMUNITY SHARES
Statement of Functional Expenses
Year ended December 31, 2018

	Program Services			Support Services			Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising		
Payroll	\$ 12,455	\$ 21,196	\$ 37,465	\$ 14,064	\$ 5,991	\$	\$ 91,171
Payroll taxes	875	1,489	2,632	988	421		6,405
Benefits	952	1,619	2,862	1,074	458		6,965
	<u>14,282</u>	<u>24,304</u>	<u>42,959</u>	<u>16,126</u>	<u>6,870</u>		<u>104,541</u>
Bank fees	-	-	128	883	-		1,011
Data processing - payroll	210	352	634	247	104		1,547
Depreciation	-	-	-	3,130	-		3,130
Dues and subscriptions	603	1,018	1,848	723	308		4,500
Insurance	276	465	840	328	139		2,048
Legal and professional	4,085	6,868	12,402	4,843	2,061		30,259
Meeting expenses	160	271	488	191	82		1,192
Occupancy	2,403	4,041	7,297	3,873	1,210		18,824
Postage and delivery	-	-	378	634	270		1,282
Printing and copying	-	-	3,033	650	637		4,320
Professional development	35	60	109	43	18		265
Promotion	-	-	3,571	-	-		3,571
Special event	-	-	-	-	6,121		6,121
Supplies and miscellaneous	897	1,513	2,731	1,064	451		6,656
Telephone and internet	406	683	1,235	482	203		3,009
Travel	-	-	-	590	-		590
Unemployment insurance claims	-	-	-	256	-		256
	<u>\$ 23,357</u>	<u>\$ 39,575</u>	<u>\$ 77,653</u>	<u>\$ 34,063</u>	<u>\$ 18,474</u>		<u>\$ 193,122</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, 2017

	Program Services			Support Services			Total
	Services To Members	Community Outreach	Campaign	Management and General	Fundraising		
Payroll	\$ 12,866	\$ 21,894	\$ 38,698	\$ 14,527	\$ 6,188	\$	\$ 94,173
Payroll taxes	913	1,553	2,746	1,031	439		6,682
Benefits	811	1,379	2,438	915	390		5,933
	<u>14,590</u>	<u>24,826</u>	<u>43,882</u>	<u>16,473</u>	<u>7,017</u>		<u>106,788</u>
Bank fees	-	-	115	792	-		907
Data processing - payroll	230	385	696	271	115		1,697
Depreciation	-	-	-	2,759	-		2,759
Dues and subscriptions	1,156	1,953	3,547	1,388	591		8,635
Insurance	277	467	843	329	139		2,055
Legal and professional	2,219	3,731	6,737	2,631	1,120		16,438
Meeting expenses	349	592	1,067	419	180		2,607
Occupancy	2,184	3,672	6,631	3,563	1,100		17,150
Postage and delivery	-	-	198	332	142		672
Printing and copying	-	-	3,483	747	730		4,960
Professional development	125	214	387	153	64		943
Promotion	-	-	3,130	-	-		3,130
Special event	-	-	-	-	5,925		5,925
Supplies and miscellaneous	557	940	1,697	661	280		4,135
Telephone and internet	433	726	1,312	512	216		3,199
Travel	-	-	-	1,610	-		1,610
Unemployment insurance claims	-	-	-	314	-		314
	<u>\$ 22,120</u>	<u>\$ 37,506</u>	<u>\$ 73,725</u>	<u>\$ 32,954</u>	<u>\$ 17,619</u>		<u>\$ 183,924</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, 2018 and 2017

	2018	2017
Operating activities:		
Change in net assets	\$ (33,176)	\$ 112,056
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,130	2,759
Changes in operating assets and liabilities:		
Receivables	(29,290)	72,593
Prepaid items	1,849	(1,844)
Funds due to agencies	(11,466)	(70,831)
Accounts payable	(2,567)	5,710
Net cash provided by (used in) operating activities	(71,520)	120,443
Investing activities:		
Office furniture and equipment	-	(3,949)
Unemployment tax reserve	(1,421)	(1,449)
Net cash used in investing activities	(1,421)	(5,398)
Financing activities:		
Principal payments on long-term debt	(2,340)	(2,340)
Net cash used in financing activities	(2,340)	(2,340)
Increase (decrease) in cash and cash equivalents	(75,281)	112,705
Cash and cash equivalents at beginning of year	319,215	206,510
Cash and cash equivalents at end of year	\$ 243,934	\$ 319,215

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

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2018 and 2017

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.

ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, issued in August 2016 by the FASB, requires a not-for-profit (NFP) to present on the face of the statements of financial position amounts for two classes of net assets (without donor restrictions and with donor restrictions) rather than the previously required three classes. The amendments also enhance disclosures about the amount and purposes of board designations, appropriations, and similar actions and qualitative and quantitative information that communicates how an NFP manages its liquid resources available to meet cash needs within one year of the statement of financial position date. Additional disclosures are required surrounding the amounts of expenses by both their natural classification and the method(s) used to allocate costs among program and support functions. The effective date for this ASU is for fiscal years beginning after December 15, 2017.

As required by ASU No. 2016-14, contributions received are recorded as support without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions. For both years ended December 31, 2018 and 2017, Community Shares had no net assets with donor restrictions.

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.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2018 and 2017

Note 2 continued.

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.

Liquidity:

The Organization's policy is to structure its financial assets to be available as its general expenses, liabilities and other obligations become due. All current assets shown on the Statements of Financial Position are available for general expenditures within one year of the date of the financial statements, with the exception of current assets restricted or designated for specific purposes. Accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

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, 2018 and 2017.

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.

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, 2018 and 2017

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 statements of activities. Accordingly, certain costs have been allocated among program services and support services. Non-overhead expenses are charged to each program as the expenses are incurred. For payroll expenses, each employee's time is evaluated separately; for example, if an employee works on one program, 100% of that person's payroll and payroll taxes is charged to that program. Other employees may work on several programs and perform administrative functions as well; payroll and payroll taxes for them are allocated based upon the percentage of time, based on management's best estimate, spent on each area. Overhead expenses (e.g., occupancy) are allocated based upon the payroll allocation.

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 both 2018 and 2017.

Income taxes:

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

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, 2018 and 2017.

Evaluation of subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 16, 2020, which is the date the financial statements were available to be issued, and has determined that there were no such subsequent events.

Note 3 **Long-term debt:**

Long-term debt consists of a non-interest bearing capital lease, in the original amount of \$11,700, payable to Blue Technologies in 60 installments of \$195. The loan matured in April 2019.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2018 and 2017

Note 4 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 5 Related party transactions:

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

Note 6 Rental commitments:

Community Shares leases its office facilities on a month-to-month basis at \$1,104 per month. Rent expense was \$13,253 in both 2018 and 2017 and is included in occupancy expense in the statements of functional expenses.

Note 7 Total public support:

	2018	2017
Campaign pledges through Shares	\$ 641,563	\$ 667,133
Direct pay donor designation pledges to:		
Domestic Violence and Child Advocacy Center	61,090 *	52,072 *
Planned Parenthood of Greater Ohio	33,852 *	33,867 *
Total campaign pledges	736,505	753,072
Contributed support (Note 8)	23,328	128,368
Foundation grants	4,014	10,508
	\$ 763,847	\$ 891,948

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

The Organization's campaign includes pledges received through their own local campaign as well as through the submission of their sister Community Shares' federations in Northwest Ohio, Mid-Ohio and Greater Cincinnati to the State of Ohio Combined Charitable Campaign.

GREATER CLEVELAND COMMUNITY SHARES
Notes to Financial Statements
December 31, 2018 and 2017

Note 8 **Contributed support:**

	<u>2018</u>	<u>2017</u>
Individual donors	\$ 23,103	\$ 128,268
Board donors	<u>225</u>	<u>100</u>
	<u>\$ 23,328</u>	<u>\$ 128,368</u>