

**CREAM CITY FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(With Summarized Totals for the Year Ended December 31, 2008)**

**CREAM CITY FOUNDATION, INC.**

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Independent Auditor's Report

Board of Directors  
Cream City Foundation, Inc.

We have audited the accompanying balance sheet of Cream City Foundation, Inc. (a nonprofit organization) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Cream City Foundation, Inc.'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 the Organization's 2008 financial statements and, in our report dated June 23, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Cream City Foundation, Inc. as of December 31, 2009, 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 of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Cream City Foundation, Inc. taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Ritz Holman LLP*

RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
July 10, 2010

Ritz Holman LLP  
*Serving businesses, nonprofits, individuals and trusts.*

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**CREAM CITY FOUNDATION, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2009**  
(With Summarized Totals for December 31, 2008)

	ASSETS	
ASSETS	2009	2008
Current Assets		
Cash in Banks and on Hand	\$ 80,356	\$ 110,486
Accounts Receivable	2,289	14,096
Investments	457,103	387,274
Prepaid Expenses	1,491	966
Total Current Assets	\$ 541,239	\$ 512,822
Fixed Assets		
Fixed Assets	\$ 2,319	\$ 3,059
Less: Accumulated Depreciation	(1,341)	(1,566)
Net Fixed Assets	\$ 978	\$ 1,493
Other Assets		
Donor Advised Funds	\$ 81,515	\$ 67,293
Security Deposit	360	360
Total Other Assets	\$ 81,875	\$ 67,653
 TOTAL ASSETS	 \$ 624,092	 \$ 581,968
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 2,221	\$ 1,108
Accrued Vacation	2,725	1,947
Total Current Liabilities	\$ 4,946	\$ 3,055
NET ASSETS		
Unrestricted		
Operating	\$ 64,351	\$ 67,773
Board Designated	472,031	400,200
Temporarily Restricted	82,764	110,940
Total Net Assets	\$ 619,146	\$ 578,913
 TOTAL LIABILITIES AND NET ASSETS	 \$ 624,092	 \$ 581,968

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

**CREAM CITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(With Summarized Totals for the Year Ended December 31, 2008)**

	Unrestricted			2009 Total	2008 Total
	Operating	Board Designated	Temporarily Restricted		
<b>REVENUE</b>					
Community Shares Revenue	\$ 1,249	\$ ---	\$ 1,248	\$ 2,497	\$ 2,310
Grant Income	16,000	---	---	16,000	75,000
Contributions	123,163	---	---	123,163	62,585
Donor Advised Funds	25,513	---	32,521	58,034	48,108
Target Funds	100	---	---	100	6,947
Legacies and Bequests	19,242	---	---	19,242	432,383
Fund-Raising Events					
Events Income	44,558	---	---	44,558	22,115
Events Expense	(26,185)	---	---	(26,185)	(14,741)
Investment Income	90,070	---	---	90,070	(129,996)
In-Kind Donations	6,200	---	---	6,200	66,300
Other Income	8,417	---	---	8,417	9,956
Net Assets Released From Restrictions	(9,886)	71,831	(61,945)	---	---
<b>Total Revenue</b>	<b>\$ 298,441</b>	<b>\$ 71,831</b>	<b>\$ (28,176)</b>	<b>\$ 342,096</b>	<b>\$ 580,967</b>
<b>EXPENSES</b>					
Program Services	\$ 260,193	\$ ---	\$ ---	\$ 260,193	\$ 237,375
Management and Supporting Services	24,139	---	---	24,139	11,212
Fund-Raising	17,531	---	---	17,531	15,189
<b>Total Expenses</b>	<b>\$ 301,863</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 301,863</b>	<b>\$ 263,776</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (3,422)</b>	<b>\$ 71,831</b>	<b>\$ (28,176)</b>	<b>\$ 40,233</b>	<b>\$ 317,191</b>
Net Assets, Beginning of Year	67,773	400,200	110,940	578,913	261,722
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 64,351</b>	<b>\$ 472,031</b>	<b>\$ 82,764</b>	<b>\$ 619,146</b>	<b>\$ 578,913</b>

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

**CREAM CITY FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(With Summarized Totals for the Year Ended December 31, 2008)**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 40,233	\$ 317,191
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	515	515
Unrealized Loss (Gain) on Investments	(76,441)	49,859
Realized Loss on Investments	66	70,847
(Increase) Decrease in Accounts Receivable	11,807	53,311
(Increase) Decrease in Prepaid Expenses	(525)	(336)
(Increase) Decrease in Donor Advised Funds	(14,222)	(1,870)
Increase (Decrease) in Accounts Payable	1,113	(656)
Increase (Decrease) in Accrued Vacation	778	384
	<u>          </u>	<u>          </u>
Net Cash (Used) Provided by Operating Activities	\$ (36,676)	\$ 489,245
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds From Sale of Investments	\$ 28,723	\$ 162,150
Purchase of Investments	<u>(22,177)</u>	<u>(552,287)</u>
	<u>          </u>	<u>          </u>
Net Cash Provided (Used) by Investing Activities	\$ 6,546	\$ (390,137)
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (30,130)	\$ 99,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>110,486</u>	<u>11,378</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 80,356</u>	<u>\$ 110,486</u>

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

**CREAM CITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**CREAM CITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

The purpose of Cream City Foundation, Inc. is to build a stronger and healthier gay, lesbian, and bisexual community throughout Wisconsin by expanding cultural, educational, health care, and legal resources.

**Accounting Method**

The accompanying financial statements of Cream City Foundation, Inc. have been prepared on the accrual basis of accounting.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

**Basis of Presentation**

The Organization reports 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. Assets of the restricted classes are created only by donor-imposed restrictions.

At December 31, 2009, the Organization had \$81,515 of temporarily purpose-restricted net assets and \$1,249 of temporarily time-restricted net assets.

**Contributions**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Estimates**

The preparation of financial statements in conformity with 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.



**CREAM CITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Restricted and Unrestricted Revenue**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Reclassification**

Certain 2008 amounts have been reclassified to conform with the 2009 financial statement presentation.

**Allowance for Uncollectible Accounts**

Management believes all accounts receivable will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**NOTE B - Comparative Financial Information**

The financial information shown for 2008 in the accompanying financial statements is included to provide a basis of comparison with 2009 and presents summarized totals only.

**NOTE C - Accounts Receivable**

Accounts Receivable consists of the following amounts at December 31, 2009:

Community Shares	\$1,249
Other	<u>1,040</u>
Total	<u>\$2,289</u>

**NOTE D - Investments**

At December 31, 2009, the Organization had investments totaling \$457,103. They are carried at market value and consist of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Depreciation</u>
Stocks	\$251,725	\$283,998	\$32,273
Bonds	171,755	173,105	1,350

Investment income, which is income from both investments and donor advised funds noted below in Note F, is comprised of the following:

Interest and Dividends	\$12,842
Fees	(4,160)
Realized Loss	(433)
Unrealized Gain	<u>81,821</u>
Total	<u>\$90,070</u>

**CREAM CITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE E - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2009:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stocks	\$283,998	\$ 283,998	\$ ---	\$ ---
Bonds	<u>173,105</u>	<u>173,105</u>	<u>---</u>	<u>---</u>
Total	<u>\$457,103</u>	<u>\$457,103</u>	<u>\$ ---</u>	<u>\$ ---</u>

**NOTE F - Donor-Advised Funds**

The Organization acts as a sponsor for several donor-advised funds. The Cream City Foundation Donor Advised Program offers individuals the opportunity to make tax-deductible charitable gifts and have the flexibility to make grant recommendations now or in the future. The value of these funds at December 31, 2009 was \$81,515.

**NOTE G - In-Kind Income**

Marketing and various other items were recorded as revenue and expenses at an estimated fair market value of \$6,200 for the year ended December 31, 2009.

**NOTE H - Lease**

The Organization leases office space under an agreement which expires September 30, 2011. Rent increases each year by the lesser of 5% or the percentage increase in the Consumer Price Index.

**CREAM CITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE H - Lease (continued)**

Future minimum lease payments under the operating lease for the years ending December 31 are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$4,824
2011	<u>3,753</u>
Total	<u>\$8,577</u>

**NOTE I - Temporarily Restricted Net Assets**

Temporarily Restricted Net Assets are available for the following purposes:

Donor Advised Funds	\$81,515
Time Restricted	<u>1,249</u>
Total	<u>\$82,764</u>

**NOTE J - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2009, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE K - Subsequent Events**

The Organization evaluated subsequent events and transactions for possible adjustments to the financial statements and disclosures. The Organization considered events and transactions occurring after December 31, 2009, the date of the most recent balance sheet, through July 10, 2010, the date the financial statements are available to be issued. It has been determined that no subsequent events need to be disclosed.

**CREAM CITY FOUNDATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(With Summarized Totals for the Year Ended December 31, 2008)**

	Program Services	Management and Supporting Services	Fund-Raising	2009 Total	2008 Total
Salaries	\$ 46,045	\$ 6,578	\$ 13,155	\$ 65,778	\$ 55,801
Payroll Taxes	3,235	463	1,747	5,445	4,622
Employee Benefits	1,373	196	393	1,962	5,251
Insurance	610	87	175	872	879
Dues and Subscriptions	147	148	(250)	45	295
Licenses and Permits	13	13	(1)	25	10
Supplies	697	100	39	836	996
Office Equipment	769	110	219	1,098	696
Professional Fees	6,487	721	---	7,208	13,300
Rent	3,310	472	1,630	5,412	4,728
Postage	436	62	125	623	1,024
Telephone	1,038	148	297	1,483	1,399
Bank Service Charge	---	337	---	337	490
Grants	151,877	---	---	151,877	98,955
Development Expenses	6,064	---	---	6,064	3,049
Community Outreach and Education	37,755	---	---	37,755	70,029
Depreciation	---	515	---	515	515
Conference	326	6,187	---	6,513	1,190
Bad Debt Expense	---	8,000	---	8,000	---
Other	11	2	2	15	547
<b>TOTALS</b>	<b>\$ 260,193</b>	<b>\$ 24,139</b>	<b>\$ 17,531</b>	<b>\$ 301,863</b>	<b>\$ 263,776</b>