

**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      |
| <br>TOTAL ASSETS                     | <br>\$ 624,092 | <br>\$ 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     |
| <br>TOTAL LIABILITIES AND NET ASSETS | <br>\$ 624,092 | <br>\$ 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<br>Total     | 2008<br>Total     |
|---------------------------------------|-------------------|---------------------|---------------------------|-------------------|-------------------|
|                                       | Operating         | Board<br>Designated | Temporarily<br>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)**

|   | 2009               | 2008                |
|---|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                    |                     |
| Change in Net Assets  | \$ 40,233          | \$ 317,191          |
| Adjustments to Reconcile Change in Net Assets to<br>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>\$ (36,676)</u> | <u>\$ 489,245</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                    |                     |
| Proceeds From Sale of Investments   | \$ 28,723          | \$ 162,150          |
| Purchase of Investments   | (22,177)           | (552,287)           |
|   | <u>\$ 6,546</u>    | <u>\$ (390,137)</u> |
| Net (Decrease) Increase in Cash and Cash Equivalents  | \$ (30,130)        | \$ 99,108           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>   | <u>110,486</u>     | <u>11,378</u>       |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>   | <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<br/>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<br>In Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(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<br>Services | Management<br>and<br>Supporting<br>Services | Fund-Raising     | 2009<br>Total     | 2008<br>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> |