

COMMUNITY SERVICES LEAGUE

**ACCOUNTANTS' REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2008 and 2007

COMMUNITY SERVICES LEAGUE

December 31, 2008 and 2007

Contents

	<u>Page</u>
Independent Accountants' Report	1
Financial Statements:	
Statements of Financial Position	2
Statement of Activities-2008	3
Statement of Activities-2007	4
Statement of Functional Expenses-2008	5
Statement of Functional Expenses-2007	6
Statements of Cash Flows	7
Notes to Financial Statements	8-14

INDEPENDENT ACCOUNTANTS' REPORT

DRAFT

To the Board of Directors
Community Services League
Independence, Missouri

We have audited the accompanying statements of financial position of Community Services League (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, 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 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 audits provide a reasonable basis for our opinion.

Complete documentation does not exist to establish the cost basis of one of the buildings. Accordingly, it was not practicable for us to extend our audits of such costs beyond the documentation provided.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the fixed assets records referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Community Services League as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kansas City, Missouri
April 30, 2009

**COMMUNITY SERVICES LEAGUE
STATEMENTS OF FINANCIAL POSITION**

	December 31,	
DRAFT	2008	2007
Assets:		
Cash, unrestricted, available for operations	\$ 121,803	\$ 224,501
Cash, restricted for capital campaign	4,000	4,000
Total Cash	125,803	228,501
Investments, unrestricted	77,924	95,500
Investments, board restricted	56,094	37,748
Inventory	61,698	68,353
Pledges receivable	120,170	-
Grants receivable	42,700	42,632
Due from capital campaign	97,596	32,771
Prepaid expenses	8,389	6,684
Total Current Assets	464,572	283,688
Land	59,110	59,110
Buildings and improvements	352,536	352,136
Computers	52,282	42,785
Apartment improvements	492,481	492,481
Office furniture and equipment	20,370	20,370
Construction in progress	474,697	10,000
Total Fixed Assets	1,451,475	976,882
Less accumulated depreciation	(404,516)	(370,818)
Net Fixed Assets	1,046,960	606,064
Total Assets	\$ 1,637,335	\$ 1,118,253
Liabilities:		
Accounts payable	\$ 4,778	\$ 3,715
Accrued expenses	33,242	49,129
Deposit on building	4,200	-
Deferred revenue	57,137	13,641
Due to operating fund	97,596	32,771
Notes payable - current maturities	13,080	12,190
Total Current Liabilities	210,033	111,446
Notes payable, less current maturities	455,958	76,291
Total Long Term Liabilities	455,958	76,291
Total Liabilities	665,991	187,737
Net Assets:		
Unrestricted	845,794	874,688
Temporarily restricted	125,550	55,828
Total Net Assets	971,344	930,516
Total Liabilities and Net Assets	\$ 1,637,335	\$ 1,118,253

See Accountants' Report and Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008**

	Unrestricted	Temporarily Restricted	Total
Support:			
Contributions:			
Direct Assistance Programs	\$ 434,550	\$ -	\$ 434,550
Other Contributions	156,186	163,778	319,964
In-kind, including rent	879,672	-	879,672
Grants	48,573	9,000	57,573
United Way	131,969	-	131,969
Government Contracts	181,622	50,000	231,622
Total Public Support	1,832,572	222,778	2,055,349
Revenue:			
Special Events	100,691	-	100,691
Rental Income	32,452	-	32,452
Recycling	54,448	-	54,448
Miscellaneous	2,555	-	2,555
Investment Income	12,908	-	12,908
Total Revenue	203,054	-	203,054
Total Support and Revenue	2,035,626	222,778	2,258,404
Net Assets Released From Restrictions	153,056	(153,056)	-
Total Support, Revenue, and Net Assets Released From Restrictions	2,188,682	69,722	2,258,404
	DRAFT		
Operating Expenses:			
Program services:			
Emergency Assistance	1,523,872	-	1,523,872
Housing Services	144,396	-	144,396
Seniors and Volunteers	83,313	-	83,313
Work Express	76,265	-	76,265
New Beginnings	27,026	-	27,026
Total Program Services	1,854,872	-	1,854,872
Supporting services:			
Management and General	91,538	-	91,538
Fundraising	156,822	-	156,822
Total Supporting Services	248,360	-	248,360
Total Operating Expenses	2,103,232	-	2,103,232
Change in Net Assets from Operations	85,450	69,722	155,172
Other Changes in Net Assets:			
Unrealized loss on investments	(28,386)	-	(28,386)
Capital Campaign expenses	(85,958)	-	(85,958)
Change in Net Assets for Year	(28,894)	69,722	40,828
Net Assets, Beginning of Year	874,688	55,828	930,516
Net Assets, End of Year	\$ 845,794	\$ 125,550	\$ 971,344

See Accountants' Report and
Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007**

DRAFT	(Restated Note 17) Unrestricted	Temporarily Restricted	Total
Support:			
Contributions:			
Direct Assistance Programs	\$ 419,577	\$ -	\$ 419,577
Other Contributions	122,409	9,190	131,599
In-kind, including rent	836,659	-	836,659
Grants	63,466	68,531	131,997
United Way	126,747	-	126,747
Government Contracts	202,140	-	202,140
Total Public Support	<u>1,770,998</u>	<u>77,721</u>	<u>1,848,719</u>
Revenue:			
Special Events	142,036	-	142,036
Rental Income	36,042	-	36,042
Recycling	11,955	-	11,955
Miscellaneous	9,111	-	9,111
Investment Income	10,488	-	10,488
Total Revenue	<u>209,632</u>	<u>-</u>	<u>209,632</u>
Total Support and Revenue	<u>1,980,630</u>	<u>77,721</u>	<u>2,058,351</u>
Net Assets Released From Restrictions	<u>25,413</u>	<u>(25,413)</u>	<u>-</u>
Total Support, Revenue, and Net Assets Released From Restrictions	<u>2,006,043</u>	<u>52,308</u>	<u>2,058,351</u>
Operating Expenses:			
Program services:			
Emergency Assistance	1,420,130	-	1,420,130
Housing Services	209,577	-	209,577
Seniors and Volunteers	82,635	-	82,635
Work Express	74,300	-	74,300
New Beginnings	43,685	-	43,685
Total Program Services	<u>1,830,326</u>	<u>-</u>	<u>1,830,326</u>
Supporting services:			
Management and General	32,909	-	32,909
Fundraising	112,220	-	112,220
Total Supporting Services	<u>145,129</u>	<u>-</u>	<u>145,129</u>
Total Operating Expenses	<u>1,975,455</u>	<u>-</u>	<u>1,975,455</u>
Change in Net Assets from Operations	30,588	52,308	82,896
Other Changes in Net Assets:			
Capital Campaign	<u>(21,882)</u>	<u>-</u>	<u>(21,882)</u>
Change in Net Assets for Year	8,706	52,308	61,014
Net Assets, Beginning of Year (as adjusted Note 17)	<u>865,982</u>	<u>3,520</u>	<u>869,502</u>
Net Assets, End of Year	<u>\$ 874,688</u>	<u>\$ 55,828</u>	<u>\$ 930,516</u>

See Accountants' Report and
Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008**

DRAFT

	Program Services				Supporting Services		Total Expenses
	Housing Services	Seniors & Volunteers	Work Express	New Beginnings	Management and General	Fund Raising	
Emergency Assistance	\$ 147,920	\$ 6,574	\$ 49,307	\$ 3,287	\$ 21,383	\$ 65,742	\$ 330,371
Salaries and Wages	13,609	540	4,053	270	1,602	5,404	28,451
Payroll Taxes	28,359	1,230	4,973	2,516	28,839	5,575	74,958
Employee Benefits	189,888	8,344	58,333	6,073	51,824	76,721	433,780
Total Personnel Costs							
Direct Assistance	355,809	72,503	8,334	-	-	-	520,288
In-Kind Assistance	867,072	-	-	-	-	-	867,072
Management Expense	-	-	-	732	1,387	-	2,119
Special Events Expense	-	-	-	-	-	-	30,215
Other Fundraising Costs	-	-	-	-	-	30,215	6,796
Utilities	10,486	98	734	3,834	952	453	20,241
Telephone	9,848	284	883	29	227	669	13,028
Interest	1,914	148	-	611	972	-	5,405
Repairs and Maintenance	35,134	250	495	6,734	5,944	489	51,233
Vehicle Expense	1,280	-	-	-	-	-	1,280
In-Kind Rent	12,600	-	-	-	-	-	12,600
Small Furniture/Equipment	-	-	-	-	3,414	-	3,414
Office Supplies	1,326	93	853	15	279	320	4,569
Postage and Delivery	1,077	97	97	8	940	3,135	5,739
Printing and Reproduction	2,130	182	984	49	663	1,411	6,372
Insurance	-	-	-	-	6,413	-	6,413
Dues and Subscriptions	450	170	-	-	60	1,130	1,870
Technology Support	7,321	150	1,389	61	7,411	6,233	23,930
Professional Fees	238	10	1,214	3	5,543	26,888	34,058
Meetings and Meals	80	74	-	-	404	-	558
Mileage and Travel	3,050	144	1,938	115	578	1,085	7,362
Taxes and Licenses	-	-	-	-	1,965	-	1,965
Bank Charges	64	-	-	-	1,629	63	1,756
Other Program Expense	6,906	46	-	-	104	203	7,259
Miscellaneous	12	45	-	-	155	-	212
Total before depreciation	1,506,686	140,015	82,638	18,264	90,864	155,811	2,069,534
Depreciation	17,186	4,381	674	8,762	674	1,011	33,698
Total Expenses	\$ 1,523,872	\$ 144,396	\$ 83,313	\$ 27,026	\$ 91,538	\$ 156,822	\$ 2,103,232

See Accountants' Report and Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

DRAFT

	Program Services					Supporting Services			Total Expenses
	Emergency Assistance	Housing Services	Seniors & Volunteer	Work Express	New Beginnings	Management and General	Fund Raising	Total	
Salaries and Wages	\$ 144,507	\$ 49,339	\$ 9,193	\$ 42,979	\$ 4,527	\$ 16,887	\$ 53,022	\$ 69,909	\$ 320,454
Payroll Taxes	12,804	4,372	815	3,808	401	1,487	4,698	6,185	28,385
Employee Benefits	26,179	8,973	1,671	7,816	823	3,054	9,641	12,695	58,157
Total Personnel Costs	183,490	62,684	11,679	54,603	5,751	21,428	67,361	88,789	406,996
Direct Assistance	312,504	119,813	63,258	11,081	490	-	-	-	507,146
In-Kind Assistance	838,460	-	-	-	-	-	-	-	838,460
Management Expense	-	-	-	280	2,948	1,055	-	1,055	4,283
Special Events Expense	-	-	-	-	-	-	26,959	26,959	26,959
Utilities	10,957	1,771	136	407	4,099	1,378	406	1,784	19,154
Telephone	7,703	1,825	826	978	45	927	480	1,407	12,784
Interest	-	3,900	2,273	-	-	-	-	-	6,173
Repairs and Maintenance	9,466	2,241	320	384	19,886	606	391	997	33,294
Vehicle Expense	1,236	29	120	-	-	341	-	341	1,726
In-Kind Rent	12,600	-	-	-	-	-	-	-	12,600
Small Furniture/Equipment	446	577	20	-	10	-	-	-	1,053
Office Supplies	624	1,493	631	210	6	138	162	300	3,264
Postage and Delivery	2,317	1,952	80	402	40	469	2,272	2,741	7,532
Printing and Reproduction	3,729	2,876	602	829	76	110	3,891	4,001	12,113
Insurance	3,745	777	213	213	1,767	2,845	212	3,057	9,772
Dues and Subscriptions	490	60	-	-	-	280	700	980	1,530
Technology Support	7,053	1,344	771	1,531	92	1,864	2,994	4,858	15,649
Professional Fees	6,300	1,440	270	360	90	181	3,410	3,591	12,051
Meetings and Meals	304	23	13	-	-	212	141	353	693
Mileage and Travel	2,415	479	139	1,564	81	437	529	966	5,644
Bank Charges	-	-	-	-	-	-	1,354	1,354	1,354
Other Program Expense	-	2,136	645	500	-	-	-	-	3,281
Miscellaneous	7	6	-	-	2	-	-	-	15
Total before depreciation	1,403,846	205,426	81,996	73,342	35,383	32,271	111,262	143,533	1,943,526
Depreciation	16,284	4,151	639	958	8,302	639	958	1,597	31,929
Total Expenses	\$ 1,420,130	\$ 209,577	\$ 82,635	\$ 74,300	\$ 43,685	\$ 32,909	\$ 112,220	\$ 145,129	\$ 1,975,455

See Accountants' Report and Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31,**

	DRAFT	2008	2007
Cash flows from operating activities			
Change in net assets		\$ 40,828	\$ 61,014
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation expense		33,698	31,929
Unrealized loss on investments		28,386	-
Change in deferred revenue		43,496	(16,094)
Increase in pledges receivable		(120,170)	-
(Increase) decrease in grants receivable		(68)	28,238
Decrease in accounts receivable		-	9,042
Increase in accounts payable		1,063	1,128
(Increase) decrease in inventory and prepaid expense		4,950	(659)
Increase in deposit on building		4,200	-
Increase (decrease) in accrued expenses		(15,887)	1,158
		<u>20,496</u>	<u>115,756</u>
Net cash provided by operating activities			
Cash flows from investing activities:			
Increase in construction in progress		(411,461)	(10,000)
Net sales (purchases) of investments		(29,957)	(28,676)
Purchase of furniture and equipment		(9,497)	(31,569)
		<u>(450,915)</u>	<u>(70,245)</u>
Net cash used by investing activities			
Cash flows from financing activities:			
Additional borrowing		340,000	-
Payments on notes payable		(12,279)	(11,480)
		<u>327,721</u>	<u>(11,480)</u>
Net cash provided by financing activities			
Decrease in Cash		(102,698)	34,031
Cash, Beginning of Year		<u>228,501</u>	<u>194,470</u>
Cash, End of Year		<u>\$ 125,803</u>	<u>\$ 228,501</u>
Supplemental disclosure:			
Interest paid during the year		<u>\$ 15,888</u>	<u>\$ 6,173</u>

See Accountants' Report and
Notes to Financial Statements

DRAFT

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Community Services League is a non-profit organization established in Missouri in 1916, to provide basic human needs of food, clothing, shelter and other assistance to clients in Eastern Jackson County. Community Services' mission is "Promoting self-sufficiency and providing resources to those in need." The Organization is supported primarily through donor contributions, grants, and the United Way. The mission is accomplished with extensive community support from churches, schools, United Way, foundations, government grants and individual donors.

Basis of Accounting

The Organization maintains an accrual basis accounting system in which revenues are recognized when earned and expenses are recognized when incurred. Revenues are recognized in accordance with the Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 116. *Accounting for Contributions Received and Made*.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. Unrestricted net assets are those that are not subject to any donor-imposed stipulations. Temporarily restricted net assets are those subject to donor-imposed restrictions as to their use or to future periods. Permanently restricted net assets are subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the organization. Generally, the donors permit the organization to use all or part of the income earned for either general or donor-specified purposes.

Use of 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 in the financial statements. Estimates and assumptions may also affect the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DRAFT

Property and Equipment

Equipment and furniture are recorded at cost and depreciated over the estimated useful life of the assets. The Organization has a \$500 capitalization policy. Depreciation is computed using straight-line method over the estimated useful life ranging from 5 to 40 years. Donations of property and equipment are recorded as contributions at their estimated fair value.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has qualified for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization has no unrelated business income, which could be subject to taxation.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments. The carrying value of cash and equivalents approximates fair value because of the short maturities of those financial instruments.

Grants Receivable

Grant receivables are carried at their estimated collectible amounts. Grant accounts receivable are all considered collectible due to the nature of the government grants.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promised are expected to be received. No discount has been recorded in 2008 because it was not considered material.

Functional Allocation of Expenses

The costs of providing the various services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the services benefited.

Reclassification

Certain balances in the 2007 statements have been reclassified to be in conformity with the 2008 financial statement presentation. This had no effect on net assets.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

DRAFT

NOTE 2: DONATED RENT

The Organization operates in facilities donated by outside organizations and donated rent for 2008 and 2007 is shown below.

Location	<u>Fair Market Value</u>
39 th Street	\$4,200
Buckner	3,600
Grain Valley	4,800

The leases are on a month to month basis. These amounts have been shown as an increase in both contributions and rent expense.

NOTE 3: CAPITAL CAMPAIGN

The Organization began a capital campaign with a goal of \$2.5 million in 2007 for new facilities and establishment of an endowment fund. General operations advanced monies for certain expenditures for this campaign. These expenditures are included in the solicitation for the campaign and have been expensed in these financial statements in accordance with generally accepted accounting principles. The Organization has recorded a due from capital campaign and offsetting due to operating fund in order to track these expenditures. In addition, the Organization entered into a contract in 2008 with a fund-raising consultant in connection with this campaign. The contract terminates January 15, 2010, and specifies fees of \$170,000. As of December 31, 2008, \$66,000 has been paid to the consulting firm.

NOTE 4: FRINGE BENEFITS

The Organization maintains a Simplified Employee Pension Plan which covers full and part time employees with two years of service. Each participant is fully vested. The Organization contributes a percentage of participants' gross salary on an annual basis, electively. The contribution for 2008 was \$930 and for 2007 was \$0. Other fringe benefits include health insurance, employee paid dental insurance, and life insurance for the participating employees. In addition, participating employees may opt for funding into annuities using a salary redirection agreement under Internal Revenue Code Section 403(b)(1). Employees are eligible to participate immediately after employment and are fully vested in all SEP and 403(b)(1) funds.

NOTE 5: COMPENSATED ABSENCES

During the years ended December 31, 2008 and 2007, the Organization recognized a liability for compensation for future absences of its employees. The liability reflects the amount of accrued vacation pay that is required to be paid to its employees upon termination if not taken before that date and is included in accrued expenses. The amount of compensated absences was \$17,886 for 2008 and \$35,356 for 2007.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

DRAFT

NOTE 6: CASH

Cash and cash equivalents include all monies and highly liquid investments with maturity dates generally of less than three months. The allocation of cash between interest bearing and non-interest bearing accounts is as follows:

	2008	2007
Non-interest Bearing Accounts	\$ 125,803	\$ 176,334
Interest Bearing Accounts	<u>-</u>	<u>52,167</u>
Total Cash	<u>\$ 125,803</u>	<u>\$ 228,501</u>

NOTE 8: INVESTMENTS

The Organization has transferred assets to the Truman Heartland Community Foundation which, in turn, maintains various funds on behalf of the Organization. The Foundation has agreed to make future distributions to the Organization consistent with its mission and as stated in the agreement at the time of the transfer. These funds are as follows:

	2008	2007
Unrestricted:		
Emergency Assistance Funds	\$39,947	\$38,972
Non-Endowment Funds	<u>37,977</u>	<u>56,528</u>
	<u>\$77,924</u>	<u>\$95,500</u>
Board Restricted:		
Endowment Fund	\$ 8,250	\$12,279
Memorial Fund	7,190	10,703
I-Share	26,782	-
Independence Christmas Concert	<u>13,872</u>	<u>14,766</u>
	<u>\$56,094</u>	<u>\$37,748</u>

The above assets are shown at fair value which is based on the publicly traded securities in which the pooled funds have been invested. Fair value measurements at the reporting date are:

Description	12/31/08	Quoted Prices in Active Markets for Identical Assets (Level 1)
Available-for-sale, Unrestricted	\$77,924	\$77,924
Available-for-sale, Board Restricted	\$56,094	\$56,094

DRAFT**COMMUNITY SERVICES LEAGUE****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2008 and 2007****NOTE 9: GOVERNMENT CONTRACTS**

The Organization received the following from governmental entities.

	<u>Year Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
City contracts	\$ 39,983	\$ 26,754
County contracts	17,500	40,000
Federal/state contracts	<u>124,139</u>	<u>135,386</u>
	<u>\$181,622</u>	<u>\$202,140</u>

In addition, the Organization obtained a Community Development Block Grant Program contract through the City of Independence, MO for \$50,000 for its new facility. This is shown as temporarily restricted revenue in the Statement of Activities for the year ended December 31, 2008.

NOTE 10: CONTRIBUTED SERVICES

The Organization receives a substantial amount of services donated by individual volunteers performing a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. During the year ended December 31, 2008, 36,352 hours were contributed by volunteers, and are valued at a rate established by the Independent Sector of \$20.25 per hour for a dollar value of \$736,128. For the year ended December 31, 2007, 31,121 hours were contributed by volunteers, and were valued at \$607,171. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

NOTE 11: CONCENTRATIONS

Approximately 7% of the Organizations support for the years ended December 31, 2008 and 2007 came from allocations from United Way.

NOTE 12: INVENTORY

The inventory on the balance sheet consists principally of items purchased or donated for the food pantries. Other donated items such as clothing and household goods are recorded at the value established by the donor when contributed and are shown as in-kind donations and in-kind assistance when received, since they are then passed through to those needing assistance. The goods contributed during 2008 were valued at approximately \$867,000 and \$850,000 in 2007.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

DRAFT

NOTE 13: NOTES PAYABLE

The Organization's future obligation at December 31, 2008, under notes payable consists of the following:

6.5% note payable due in monthly installments of \$1,471 until February 2014, secured by real estate.	<u>\$76,508</u>
---	-----------------

Scheduled reduction of the note payable over the next five years is as follows:

Year 2009	13,080
Year 2010	13,956
Year 2011	14,892
Year 2012	15,792
Year 2013	16,692

In June 2008, the Organization obtained a loan for \$392,807 for the purchase of a building for renovation and eventual use as a facility for its programs. This is an interest only loan with a maturity date of June 1, 2028. At December 31, 2008 the interest rate charged was 6% annually. Interest paid in 2008 of \$10,483 has been capitalized in construction in progress.

NOTE 14: PROPERTY AND EQUIPMENT

No documentation existed for one of the buildings owned by the Organization. The value of this building is listed at \$160,000, including \$34,110 in land.

NOTE 15: PLEDGES RECEIVABLE

As of December 31, 2008, contributors to the Organization have made written unconditional promises to give to the Capital Campaign, consisting of pledges as follows:

Less than one year	\$ 28,610
One to five years	<u>91,560</u>
Total	<u>\$120,170</u>

No provision for uncollectible pledges has been recorded in the financial statements, because it is the estimate of management that all are collectible.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

DRAFT

NOTE 16: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	2008	2007
Periods after December 31,	\$104,624	\$ -
Specific programs	<u>20,926</u>	<u>55,828</u>
	<u>\$125,550</u>	<u>\$ 55,828</u>

NOTE 17; PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

During 2007 it was determined that accumulated depreciation had been overstated by \$26,634. In addition, temporarily restricted net assets were overstated by \$34,566. Accordingly, beginning unrestricted net assets as of January 1, 2007, has been increased by these amounts.

During 2008 it was determined that certain direct assistance which was received and passed through to recipients in 2007 had not been recorded in the Statement of Activities and, subsequently, in the Statement of Functional Expenses for that year. This revenue and expense of \$139,756 has been recorded in the 2007 financial statements in Direct Assistance with no effect on net assets for that year.