

COMMUNITY SERVICES LEAGUE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

COMMUNITY SERVICES LEAGUE

December 31, 2009 and 2008

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EMERICK & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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, 2009 and 2008, 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 owned by the Organization. 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, 2009 and 2008, 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 15, 2010

Emerick + Company, P.C.

**COMMUNITY SERVICES LEAGUE
STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2009	2008
Assets:		
Cash and cash equivalents, non-interest bearing	\$ 330,676	\$ 125,803
Investments, unrestricted	102,073	104,706
Investments, board restricted	36,384	29,312
Inventory	61,487	61,698
Pledges receivable, current	96,864	28,610
Grants receivable	54,383	42,700
Due from capital campaign	57,624	97,596
Prepaid expenses	15,600	8,389
Total Current Assets	755,091	498,815
Land	59,110	59,110
Buildings and improvements	352,536	352,536
Computers	52,282	52,282
Apartment improvements	492,481	492,481
Office furniture and equipment	20,370	20,370
Construction in progress	490,358	421,890
Total Fixed Assets	1,467,137	1,398,669
Less accumulated depreciation	(438,335)	(404,516)
Net Fixed Assets	1,028,801	994,153
Pledges receivable, long-term	226,008	91,560
Total Noncurrent Assets	1,254,809	1,085,713
Total Assets	\$ 2,009,900	\$ 1,584,528
Liabilities:		
Accounts payable	\$ 12,716	\$ 4,778
Accrued expenses	40,542	33,242
Deposit on building	-	4,200
Deferred revenue	25,312	57,137
Due to operating fund	57,624	97,596
Notes payable - current maturities	28,056	13,080
Total Current Liabilities	164,250	210,033
Notes payable, less current maturities	365,078	403,151
Total Long Term Liabilities	365,078	403,151
Total Liabilities	529,328	613,184
Net Assets:		
Unrestricted	974,123	890,059
Temporarily restricted	506,449	81,285
Total Net Assets	1,480,572	971,344
Total Liabilities and Net Assets	\$ 2,009,900	\$ 1,584,528

See Independent Auditors' Report and Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

	Unrestricted	Temporarily Restricted	Total
Support:			
Contributions:			
Direct Assistance Programs	\$ 589,305	\$ -	\$ 589,305
Other Contributions	238,340	-	238,340
In-kind, including rent	990,562	-	990,562
Grants	25,119	193,099	218,218
United Way	127,007	-	127,007
Government Contracts	113,745	-	113,745
Total Public Support	2,084,077	193,099	2,277,176
Revenue:			
Special Events	83,249	-	83,249
Rental Income	42,425	-	42,425
Recycling	56,858	-	56,858
Miscellaneous	13,228	-	13,228
Investment Income	4,292	-	4,292
Total Revenue	200,053	-	200,053
Total Support and Revenue	2,284,130	193,099	2,477,229
Net Assets Released From Restrictions			
Program expenditures	16,607	(16,607)	-
	16,607	(16,607)	-
Total Support, Revenue, and Net Assets Released From Restrictions	2,300,737	176,492	2,477,229
Operating Expenses:			
Program services:			
Emergency Assistance	1,541,431	-	1,541,431
Housing Services	179,251	-	179,251
Seniors and Volunteers	202,671	-	202,671
Work Express	114,975	-	114,975
New Beginnings	31,396	-	31,396
Total Program Services	2,069,725	-	2,069,725
Supporting services:			
Management and General	68,826	-	68,826
Fundraising	166,781	-	166,781
Total Supporting Services	235,607	-	235,607
Total Operating Expenses	2,305,332	-	2,305,332
Change in Net Assets from Operations (Note 11)	(4,595)	176,492	171,897
Other Changes in Net Assets:			
Capital gains and losses	10,229	-	10,229
Capital Campaign revenues	-	436,658	436,658
Capital Campaign expenditures	(109,556)	-	(109,556)
Net Assets Released From Restrictions			
Capital Campaign	187,986	(187,986)	-
Change in Net Assets for Year	84,064	425,164	509,228
Net Assets, Beginning of Year	890,059	81,285	971,344
Net Assets, End of Year	\$ 974,123	\$ 506,449	\$ 1,480,572

See Independent Auditors' 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	\$ 422,553	\$ -	\$ 422,553
Other Contributions	156,186	-	156,186
In-kind, including rent	879,672	-	879,672
Grants	48,573	9,000	57,573
United Way	131,969	-	131,969
Government Contracts	193,619	-	193,619
Total Public Support	1,832,572	9,000	1,841,571
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	9,000	2,044,626
Net Assets Released From Restrictions			
Program expenditures	39,902	(39,902)	-
	39,902	(39,902)	-
Total Support, Revenue, and Net Assets Released From Restrictions	2,075,528	(30,902)	2,044,626
Operating Expenses:			
Program services:			
Emergency Assistance	1,393,811	-	1,393,811
Housing Services	170,408	-	170,408
Seniors and Volunteers	126,667	-	126,667
Work Express	136,960	-	136,960
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	(27,704)	(30,902)	(58,606)
Other Changes in Net Assets:			
Unrealized loss on investments	(28,386)	-	(28,386)
Capital Campaign revenues	-	213,778	213,778
Capital Campaign expenses	(85,958)	-	(85,958)
Net Assets Released From Restrictions			
Capital Campaign	157,419	(157,419)	-
Change in Net Assets for Year	15,371	25,457	40,828
Net Assets, Beginning of Year	874,688	55,828	930,516
Net Assets, End of Year as Restated (Note 1)	\$ 890,059	\$ 81,285	\$ 971,344

See Independent Auditors' Report and
Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009**

	Program Services				Supporting Services			Total Expenses	
	Emergency Assistance	Housing Services	Seniors & Volunteer	Work Express	New Beginnings	Management and General	Fund Raising		
Salaries and Wages	\$ 160,533	\$ 52,979	\$ 9,550	\$ 61,203	\$ 4,121	\$ 288,386	\$ 74,505	\$ 100,987	\$ 389,373
Payroll Taxes	12,528	4,158	727	4,536	311	22,260	3,831	5,857	28,117
Employee Benefits	24,577	5,693	1,247	18,674	2,324	52,515	21,941	29,017	81,532
Total Personnel Costs	197,638	62,830	11,524	84,413	6,756	363,161	100,277	135,861	499,022
Direct Assistance	373,201	93,525	107,752	13,915	-	588,393	-	-	588,393
In-Kind Assistance	893,595	-	82,081	2,286	-	977,962	-	-	977,962
Management Expense	-	-	-	-	2,287	2,287	708	-	708
Special Events Expense	-	-	-	-	-	-	-	-	-
Other Fundraising	-	-	-	-	-	-	-	-	-
Utilities	12,400	4,948	-	953	4,463	22,765	1,110	502	29,540
Telephone	8,661	2,713	-	627	37	12,038	198	2,324	2,324
Interest	498	3,600	-	-	164	4,262	256	-	256
Repairs and Maintenance	8,967	1,701	165	635	8,104	19,572	4,824	410	24,805
Vehicle Expense	1,040	-	-	-	-	1,040	124	-	1,164
In-Kind Rent	12,600	-	-	-	-	12,600	-	-	12,600
Small Furniture/Equipment	-	59	-	50	-	109	-	-	109
Office Supplies	1,010	828	32	988	32	2,890	642	119	3,650
Postage and Delivery	426	1,145	100	784	-	2,455	960	4,088	7,503
Printing and Reproduction	1,054	1,740	118	1,689	88	4,688	2,775	3,198	10,661
Insurance	3,003	-	-	-	600	3,603	4,848	-	8,451
Dues and Subscriptions	375	60	-	-	-	435	155	614	1,204
Technology Support	6,294	866	47	3,259	55	10,521	4,412	3,329	18,262
Professional Fees	100	50	-	1,200	-	1,350	6,244	19,671	27,265
Meetings and Meals	80	-	-	-	-	80	80	547	707
Mileage and Travel	2,380	805	179	2,548	47	5,959	229	554	6,743
Taxes and Licenses	-	-	-	-	-	-	2,555	-	2,555
Bank Charges	-	-	-	-	-	-	610	17	627
Other Program Expense	923	-	-	617	-	1,540	-	-	1,540
Miscellaneous	-	-	-	-	-	-	1,717	319	2,036
Total before depreciation	1,524,245	174,870	201,997	113,964	22,634	2,037,711	68,030	165,771	2,271,512
Depreciation	17,186	4,381	674	1,011	8,762	32,014	796	1,010	33,820
Total Expenses	\$ 1,541,431	\$ 179,251	\$ 202,671	\$ 114,975	\$ 31,396	\$ 2,069,725	\$ 68,826	\$ 166,781	\$ 2,305,332

See Independent Auditors' Report and Notes to Financial Statements

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

	Program Services					Supporting Services			Total Expenses	
	Emergency Assistance	Housing Services	Seniors & Volunteers	Work Express	New Beginnings	Total	Management and General	Fund Raising		Total
Salaries and Wages	\$ 147,920	\$ 36,158	\$ 6,574	\$ 49,307	\$ 3,287	\$ 243,246	\$ 21,383	\$ 65,742	\$ 87,125	\$ 330,371
Payroll Taxes	13,609	2,972	540	4,053	270	21,445	1,602	5,404	7,006	28,451
Employee Benefits	28,359	3,465	1,230	4,973	2,516	40,544	28,839	5,575	34,414	74,958
Total Personnel Costs	189,888	42,595	8,344	58,333	6,073	305,234	51,824	76,721	128,545	433,780
Direct Assistance	355,809	83,642	72,503	8,334	-	520,288	-	-	-	520,288
In-Kind Assistance	737,011	26,012	43,354	60,695	-	867,072	-	-	-	867,072
Management Expense	-	-	-	-	732	732	1,387	-	1,387	2,119
Special Events Expense	-	-	-	-	-	-	-	-	30,215	30,215
Other Fundraising Costs	-	-	-	-	-	-	-	6,796	6,796	6,796
Utilities	10,486	3,683	98	734	3,834	18,835	952	453	1,405	20,241
Telephone	9,848	1,088	284	883	29	12,132	227	669	896	13,028
Interest	1,914	1,760	148	-	611	4,433	972	-	972	5,405
Repairs and Maintenance	35,134	2,187	250	495	6,734	44,800	5,944	489	6,433	51,233
Vehicle Expense	1,280	-	-	-	-	1,280	-	-	-	1,280
In-Kind Rent	12,600	-	-	-	-	12,600	-	-	-	12,600
Small Furniture/Equipment	-	-	-	-	-	-	3,414	-	3,414	3,414
Office Supplies	1,326	1,683	93	853	15	3,970	279	320	599	4,569
Postage and Delivery	1,077	385	97	97	8	1,664	940	3,135	4,075	5,739
Printing and Reproduction	2,130	953	182	984	49	4,298	663	1,411	2,074	6,372
Insurance	-	-	-	-	-	-	6,413	-	6,413	6,413
Dues and Subscriptions	450	60	170	-	-	680	60	1,130	1,190	1,870
Technology Support	7,321	1,365	150	1,389	61	10,286	7,411	6,233	13,644	23,930
Professional Fees	238	162	10	1,214	3	1,627	5,543	26,888	32,431	34,058
Meetings and Meals	80	-	74	-	-	154	404	-	404	558
Mileage and Travel	3,050	452	144	1,938	115	5,699	578	1,085	1,663	7,362
Taxes and Licenses	-	-	-	-	-	-	1,965	-	1,965	1,965
Bank Charges	64	-	-	-	-	64	1,629	63	1,692	1,756
Other Program Expense	6,906	-	46	-	-	6,952	104	203	307	7,259
Miscellaneous	12	-	45	-	-	57	155	-	155	212
Total before depreciation	1,376,625	166,027	125,992	135,949	18,264	1,822,857	90,864	155,811	246,675	2,069,534
Depreciation	17,186	4,381	674	1,011	8,762	32,015	674	1,011	1,685	33,698
Total Expenses	\$ 1,393,811	\$ 170,408	\$ 126,667	\$ 136,960	\$ 27,026	\$ 1,854,872	\$ 91,538	\$ 156,822	\$ 248,360	\$ 2,103,232

See Independent Auditors' Report and Notes to Financial Statements

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

	2009	2008
Cash flows from operating activities		
Change in net assets	\$ 509,228	\$ 40,828
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	33,820	33,698
Unrealized (gain) loss on investments	(14,667)	28,386
Change in deferred revenue	(31,826)	43,496
(Increase) decrease in grants receivable	(11,683)	(68)
Increase in accounts payable	7,938	1,063
(Increase) decrease in inventory and prepaid expense	(7,000)	4,950
Increase (decrease) in deposit on building	(4,200)	4,200
Increase (decrease) in accrued expenses	7,300	(15,887)
Contributions restricted to Capital Campaign	<u>(450,005)</u>	<u>(213,778)</u>
Net cash provided by operating activities	<u>38,905</u>	<u>(73,112)</u>
Cash flows from investing activities:		
Increase in construction in progress	(68,378)	(411,461)
Net sales (purchases) of investments	(3,897)	(29,957)
Purchase of furniture and equipment	<u>-</u>	<u>(9,497)</u>
Net cash used by investing activities	<u>(72,275)</u>	<u>(450,915)</u>
Cash flows from financing activities:		
Collections on Capital Campaign	261,340	93,608
Additional borrowing	-	340,000
Payments on notes payable	<u>(23,097)</u>	<u>(12,279)</u>
Net cash provided by financing activities	<u>238,243</u>	<u>421,329</u>
Increase (Decrease) in Cash	204,873	(102,698)
Cash and Cash Equivalents, Beginning of Year	<u>125,803</u>	<u>228,501</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 330,676</u></u>	<u><u>\$ 125,803</u></u>
Supplemental disclosure:		
Interest paid during the year	<u><u>\$ 22,362</u></u>	<u><u>\$ 15,888</u></u>

See Independent Auditors' Report and
Notes to Financial Statements

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

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.

Restatement

In 2009 a determination was made that additional amounts should have been released from restrictions in 2008 for the Capital Campaign. An additional \$41,265 was released with the restatement of the Statement of Activities for the year ended December 31, 2008. This had no effect on the change in net assets or the total of net assets for that year.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

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

Reclassification

Some balances have been reclassified in the 2008 statements to be in conformity with the 2009 presentation. This had no effect on net assets or changes in net assets.

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 for 2009 or 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.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

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

Subsequent Events

Subsequent events have been evaluated through April 15, 2010, which is the date the financial statements were available to be issued.

NOTE 2: DONATED RENT

The Organization operates in facilities donated by outside organizations and donated rent for 2009 and 2008 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 in 2007 with a goal of \$2.5 million for new facilities and establishment of an endowment/maintenance 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. Funds temporarily borrowed for the capital campaign will be reimbursed with pledge payment collections and/or proceeds from the future construction loan as soon as they are available.

As of December 31, 2009, the Organization had received pledges (unconditional and conditional commitments) totaling \$1,565,724. The Organization has collected \$370,551 of the pledges (unconditional and conditional commitments) made to date and anticipates collecting the remaining balance over the next five years.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

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 2009 was \$4,387 and for 2008 \$930. 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, 2009 and 2008, 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 mutual separation if not taken before that date and is included in accrued expenses. The amount of compensated absences was \$24,259 for 2009 and \$17,886 for 2008.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies and highly liquid investments with maturity dates generally of less than three months. These accounts are maintained in area commercial banks and, on occasion, the balances in the accounts exceed the FDIC insurance limits. The Organization has experienced no losses and management's estimate is the possibility of loss is remote.

NOTE 7: 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 shown at fair value, as follows and are considered available-for-sale.

	2009	2008
Unrestricted:		
Emergency Assistance Funds	\$ 40,810	\$ 39,947
Non-Endowment Funds	46,137	37,977
I-Share	<u>15,126</u>	<u>26,782</u>
	<u>\$102,073</u>	<u>\$104,706</u>
Board Restricted:		
Endowment Fund	\$ 10,016	\$ 8,250
Capital Campaign	5,958	-
Memorial Fund	8,730	7,190
Independence Christmas Concert	<u>11,680</u>	<u>13,872</u>
	<u>\$ 36,384</u>	<u>\$ 29,312</u>

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 8: GOVERNMENT CONTRACTS

The Organization received the following from governmental entities.

	Year Ended December 31,	
	2009	2008
City contracts	\$ 66,340	\$ 39,983
County contracts	3,635	17,500
Federal/state contracts	43,770	136,136
	\$113,745	\$193,619

NOTE 9: 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, 2009, 30,010 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 \$607,703. For the year ended December 31, 2008, 36,352 hours were contributed by volunteers, and were valued at \$736,128. 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 10: IN-KIND CONTRIBUTIONS AND EXPENSE

In-kind contributions are recorded as revenues at the time of distribution to the clients of the Organization. The items distributed consist principally of food, clothing and household items. The amount recorded as revenue is \$1 per food item and \$2 per item of clothing or household goods, based on an estimated average by management of cost for food and thrift shop values for the other items. An equal amount is recorded as expense at the time revenue is recorded so there is no effect on net assets. For the year ended 2009, in-kind revenue and expense as shown in the Statement of Activities was \$990,562 and for 2008 revenue and expense was \$836,659.

NOTE 11: CHANGE IN NET ASSETS FROM OPERATIONS

The change in net assets from operations for the year ended December 31, 2009, showed an increase due to the receipt of several large donor restricted grants in the latter part of the year. These are shown as temporarily restricted revenues until the appropriate expenditure is made in the following period when they will be recognized as expense.

COMMUNITY SERVICES LEAGUE
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DECEMBER 31, 2009 and 2008

NOTE 12: NOTES PAYABLE

The Organization's future obligation at December 31, 2009, 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. \$63,115

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

Year 2010	\$13,956
Year 2011	14,892
Year 2012	15,792
Year 2013	16,692
Year 2014	17,592

In June 2008, the Organization obtained a loan for \$340,000 for the purchase of a building for renovation and eventual use as a facility for its programs. This was initially an interest only loan with interest payable at 6%. During the year ended December 31, 2009, the Organization began making payments on the principal. Principal payments for each of the next five years are approximately \$14,000. The maturity date of the loan is June 1, 2028 with interest unchanged at 6% annually. Payments are \$2,605 each month. Interest paid in 2009 of \$17,845 and in 2008 of \$10,483 has been capitalized in construction in progress. At December 31, 2009 the remaining balance on this loan is \$330,019.

NOTE 13: PROPERTY AND EQUIPMENT

Complete documentation does not exist to establish cost 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 14: PLEDGES RECEIVABLE

Contributors to the Organization have made written unconditional promises to give to the Capital Campaign, consisting of pledges as follows:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Less than one year	\$ 96,864	\$ 28,610
One to five years	<u>226,008</u>	<u>91,560</u>
Total	<u>\$322,872</u>	<u>\$120,170</u>

No provision for uncollectible pledges has been recorded in the financial statements, because it is the estimate of management that any uncollectible pledges would be immaterial to the financial statements.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 15: TEMPORARILY RESTRICTED NET ASSETS

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

	2009	2008
Capital Campaign	\$ 309,031	\$ 60,359
Specific programs	<u>197,418</u>	<u>20,926</u>
	<u>\$ 506,449</u>	<u>\$ 81,285</u>

NOTE 16: FAIR VALUE MEASUREMENTS

The Organization has adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, pertaining to the valuation of certain assets and liabilities for the years ended December 31, 2009 and 2008. These provisions define fair value, establish a consistent framework for measuring fair value and expand the related disclosure requirements. They establish a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to fair value measurement. The hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value as funds are in checking accounts or other short-term investments.

Truman Heartland Community Foundation Funds

The value is that reported by the Truman Heartland Community Foundation which is based on the underlying investments of the funds which are publicly traded securities.

Pledges receivable, net

The amount of pledges considered collectible is discounted using a discount rate that is consistent with the general principles for present value measurement and related to observable interest rates at commonly quoted intervals.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 16: FAIR VALUE MEASUREMENTS (continued)

Inventory

Inventory included in the financial statements consists of food items purchased or donated for the pantry and distribution to clients. These are valued on a per item basis at a \$1 each. This valuation has been established by management based on cost and the average value of a food basket distributed to a client.

The hierarchy for the accounts described above for each of the years presented is:

	Total 2009	Level 1	Level 2	Level 3
Cash and cash equivalents	\$330,676	\$330,676	\$ -	\$ -
Truman Heartland funds	138,457	138,457	-	-
Pledges receivable, net	322,872	-	322,872	-
Inventory	61,487	-	-	61,487
	<u>\$853,492</u>	<u>\$469,133</u>	<u>\$322,872</u>	<u>\$ 61,487</u>

	Total 2008	Level 1	Level 2	Level 3
Cash and cash equivalents	\$125,803	\$125,803	\$ -	\$ -
Truman Heartland funds	134,018	134,018	-	-
Pledges receivable, net	120,170	-	120,170	-
Inventory	61,698	-	-	61,698
	<u>\$441,689</u>	<u>\$259,821</u>	<u>\$120,170</u>	<u>\$ 61,698</u>

NOTE 17: COMMITMENTS

In April 2009, the Organization entered into a contract with a company to serve as a consultant during the remainder of its Capital Campaign. Total fees for the 36-month term of the contract are \$216,000. At December 31, 2009, \$60,000 has been paid on this contract.

Effective January 20, 2010, the Organization entered into a contract for the construction of its new facility. The basis of payment on this contract is the cost of work plus a fee with a guaranteed maximum price. The guaranteed maximum price is to be determined upon the submission of drawings and specifications to the contractor. If a mutually agreed upon guaranteed maximum cannot be agreed upon within 60 days of submission of the drawings and specifications, the agreement is terminated. In connection with this construction, the Organization entered into an agreement with an architectural firm for services on July 1, 2008. The fee for the basic services described in the contract is \$60,000. Payments through the end of 2009 under the terms of the contract were approximately \$40,000.