

**COMMUNITY SERVICES LEAGUE**  
**INDEPENDENT AUDITORS' REPORT AND**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 and 2009**

**COMMUNITY SERVICES LEAGUE**

**December 31, 2010 and 2009**

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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, 2010 and 2009, 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, 2010 and 2009, 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  
May 16, 2011

*Emerick + Company, P.C.*

**COMMUNITY SERVICES LEAGUE  
STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 285,417	\$ 327,385
Cash, restricted for capital campaign	265,680	3,291
Cash, construction loan proceeds	431,087	-
<b>Total Cash</b>	982,184	330,676
Investments, unrestricted	98,469	86,947
Investments, board restricted	56,966	51,510
Inventory	61,555	61,487
Pledges receivable, unconditional, current, Capital Campaign	152,984	96,864
Contracts and accounts receivable	202,150	54,383
Prepaid expenses	19,895	15,600
<b>Total Current Assets</b>	1,574,203	697,467
Land	59,110	59,110
Buildings and improvements	352,536	352,536
Computers	52,581	52,282
Apartment improvements	492,481	492,481
Office furniture and equipment	20,370	20,370
Construction in progress	1,659,495	490,358
<b>Total Fixed Assets</b>	2,636,573	1,467,137
Less accumulated depreciation	(469,251)	(438,335)
<b>Net Fixed Assets</b>	2,167,322	1,028,801
Pledges receivable, unconditional, long-term, Capital Campaign	261,225	226,008
<b>Total Noncurrent Assets</b>	2,428,547	1,254,809
<b>Total Assets</b>	\$ 4,002,750	\$ 1,952,276
<b>Liabilities:</b>		
Accounts payable	\$ 44,283	\$ 12,716
Construction payables	431,087	-
Accrued expenses	44,927	40,542
Unearned income	19,693	25,312
Notes payable	-	28,056
Mortgage loan payable - current maturities	18,000	-
<b>Total Current Liabilities</b>	557,990	106,626
Mortgage loan payable	1,437,853	-
Notes payable, less current maturities	-	365,078
<b>Total Long Term Liabilities</b>	1,437,853	365,078
<b>Total Liabilities</b>	1,995,843	471,704
<b>Net Assets:</b>		
Unrestricted	1,144,591	974,123
Temporarily restricted	862,316	506,449
<b>Total Net Assets</b>	2,006,907	1,480,572
<b>Total Liabilities and Net Assets</b>	\$ 4,002,750	\$ 1,952,276

See Independent Auditors' Report and Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support:</b>			
Contributions:			
Direct Assistance Programs	\$ 722,834	\$ -	\$ 722,834
Other Contributions	202,757	-	202,757
In-kind, including donated space of \$12,600	1,065,223	-	1,065,223
Grants	6,230	46,150	52,380
United Way	106,743	90,490	197,233
Contract Income	108,572	28,570	137,142
Total Public Support	<u>2,212,359</u>	<u>165,210</u>	<u>2,377,569</u>
<b>Revenue:</b>			
Special Events	120,686	-	120,686
Rental Income	44,361	-	44,361
Recycling	52,413	-	52,413
Other Income	12,374	-	12,374
Interest and Dividend Income	404	-	404
Total Revenue	<u>230,238</u>	<u>-</u>	<u>230,238</u>
<b>Total Support and Revenue</b>	<u>2,442,597</u>	<u>165,210</u>	<u>2,607,807</u>
<b>Net Assets Released From Restrictions</b>			
Program expenditures	197,219	(197,219)	-
	<u>197,219</u>	<u>(197,219)</u>	<u>-</u>
<b>Total Support, Revenue, and Net Assets Released From Restrictions</b>	<u>2,639,816</u>	<u>(32,009)</u>	<u>2,607,807</u>
<b>Operating Expenses:</b>			
Program services:			
Emergency Assistance	1,969,144	-	1,969,144
Housing Services	144,756	-	144,756
Seniors and Volunteers	20,794	-	20,794
Work Express	126,571	-	126,571
New Beginnings	16,227	-	16,227
Total Program Services	<u>2,277,492</u>	<u>-</u>	<u>2,277,490</u>
Supporting services:			
Management and General	153,310	-	153,310
Fundraising	226,172	-	226,172
Total Supporting Services	<u>379,482</u>	<u>-</u>	<u>379,482</u>
<b>Total Operating Expenses</b>	<u>2,656,974</u>	<u>-</u>	<u>2,656,972</u>
<b>Change in Net Assets from Operations</b>	(17,159)	(32,009)	(49,166)
<b>Other Changes in Net Assets:</b>			
Capital gains and losses	8,184	-	8,184
Capital Campaign revenues	-	642,038	642,038
Capital Campaign expenses	(74,720)	-	(74,720)
<b>Net Assets Released From Restrictions</b>	<u>254,162</u>	<u>(254,162)</u>	<u>-</u>
<b>Change in Net Assets for Year</b>	170,468	355,867	526,337
<b>Net Assets, Beginning of Year</b>	<u>974,123</u>	<u>506,449</u>	<u>1,480,572</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,144,591</u>	<u>\$ 862,316</u>	<u>\$ 2,006,907</u>

See Independent Auditors' Report and  
Notes to Financial Statements

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

	Unrestricted	Temporarily Restricted	Total
<b>Support:</b>			
Contributions:			
Direct Assistance Programs	\$ 589,305	\$ -	\$ 589,305
Other Contributions	238,340	-	238,340
In-kind, including donated space of \$12,600	990,562	-	990,562
Grants	25,119	193,099	218,218
United Way	127,007	-	127,007
Contract Income	113,745	-	113,745
Total Public Support	2,084,077	193,099	2,277,176
<b>Revenue:</b>			
Special Events	83,249	-	83,249
Rental Income	42,425	-	42,425
Recycling	56,858	-	56,858
Other Income	13,228	-	13,228
Interest and Dividend Income	4,292	-	4,292
Total Revenue	200,053	-	200,053
<b>Total Support and Revenue</b>	2,284,130	193,099	2,477,229
<b>Net Assets Released From Restrictions</b>			
Program expenditures	16,607	(16,607)	-
	16,607	(16,607)	-
<b>Total Support, Revenue, and Net Assets Released From Restrictions</b>	2,300,737	176,492	2,477,229
<b>Operating Expenses:</b>			
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
<b>Total Operating Expenses</b>	2,305,332	-	2,305,332
<b>Change in Net Assets from Operations</b>	(4,595)	176,492	171,897
<b>Other Changes in Net Assets:</b>			
Capital gains and losses	10,229	-	10,229
Capital Campaign revenues	-	436,658	436,658
Capital Campaign expenditures	(109,556)	-	(109,556)
<b>Net Assets Released From Restrictions</b>			
Capital Campaign	187,986	(187,986)	-
<b>Change in Net Assets for Year</b>	84,064	425,164	509,228
<b>Net Assets, Beginning of Year</b>	890,059	81,285	971,344
<b>Net Assets, End of Year</b>	\$ 974,123	\$ 506,449	\$ 1,480,572

See Independent Auditors' Report and  
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**COMMUNITY SERVICES LEAGUE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2010**

	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	\$ 161,645	\$ 59,461	\$ 6,998	\$ 78,155	\$ 2,606	\$ 308,865	\$ 39,807	\$ 103,034	\$ 142,841	\$ 451,706
Payroll Taxes	12,511	4,494	534	6,060	200	23,799	2,504	8,268	10,772	34,571
Employee Benefits	14,902	6,459	361	20,241	50	42,012	25,639	11,890	37,529	79,541
Total Personnel Costs	189,057	70,414	7,893	104,456	2,856	374,676	67,950	123,192	191,142	565,818
Direct Assistance	644,924	57,667	11,940	8,303	-	722,834	-	-	-	722,834
In-Kind Assistance	1,062,896	-	-	2,327	-	1,065,223	-	-	-	1,065,223
Management Expense	-	-	-	-	308	308	3,125	-	3,125	3,433
Special Events Expense	-	-	-	-	-	-	-	58,250	58,250	58,250
Other Fundraising Costs	-	-	-	-	-	-	-	3,706	3,706	3,706
Utilities	11,010	4,383	-	842	3,951	20,186	993	410	1,403	21,589
Telephone	12,406	1,106	-	382	3	13,897	333	114	447	14,344
Mortgage Interest	155	1,708	-	-	51	1,914	1,608	-	1,608	3,522
Repairs and Maintenance	13,308	382	46	203	960	14,899	14,955	260	15,215	30,114
Vehicle Expense	1,061	-	-	-	-	1,061	16	-	16	1,077
Small Furniture/Equipment	-	-	-	-	-	-	43	-	43	43
Office Supplies	1,645	457	-	296	6	2,404	5,075	458	5,533	7,937
Postage and Delivery	1,251	171	28	127	3	1,580	4,846	3,049	7,895	9,475
Printing and Reproduction	3,501	304	25	765	25	4,620	5,740	24,851	30,591	35,211
Insurance Expense	-	-	-	-	-	-	8,500	-	8,500	8,500
Dues and Subscriptions	345	-	-	-	-	345	235	30	265	610
Technology Support	9,477	3,222	40	6,155	22	18,916	18,159	4,926	23,085	42,001
Professional Fees	-	-	-	-	-	-	9,419	3,071	12,490	12,490
Meetings and Meals	126	-	-	20	-	146	367	1,167	1,534	1,680
Mileage and Travel	2,202	923	179	1,768	65	5,137	174	1,582	1,756	6,893
Taxes and Licenses	-	-	-	-	-	-	8,777	-	8,777	8,777
Bank Charges	25	-	-	-	-	25	2,254	-	2,254	2,279
Miscellaneous	50	-	25	-	-	75	-	179	179	254
Total before depreciation	1,953,439	140,737	20,176	125,644	8,250	2,248,246	152,567	225,245	377,812	2,626,059
Depreciation	15,705	4,019	618	927	7,977	29,246	743	927	1,670	30,915
<b>Total Expenses</b>	<b>\$ 1,969,144</b>	<b>\$ 144,756</b>	<b>\$ 20,794</b>	<b>\$ 126,571</b>	<b>\$ 16,227</b>	<b>\$ 2,277,492</b>	<b>\$ 153,310</b>	<b>\$ 226,172</b>	<b>\$ 379,482</b>	<b>\$ 2,656,974</b>

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	\$ 26,482	\$ 74,505	\$ 389,373
Payroll Taxes	12,528	4,158	727	4,536	311	2,026	3,831	28,117
Employee Benefits	24,577	5,693	1,247	18,674	2,324	7,076	21,941	81,532
Total Personnel Costs	197,638	62,830	11,524	84,413	6,756	35,584	100,277	499,022
Direct Assistance	373,201	93,525	107,752	13,915	-	-	-	588,393
In-Kind Assistance	906,195	-	82,081	2,286	-	-	-	990,562
Management Expense	-	-	-	-	2,287	708	-	2,995
Special Events Expense	-	-	-	-	-	-	-	29,540
Other Fundraising	-	-	-	-	-	-	-	2,324
Utilities	12,400	4,948	-	953	4,463	1,110	461	24,336
Telephone	8,661	2,713	-	627	37	198	304	12,540
Mortgage Interest	498	3,600	-	-	164	256	-	4,518
Repairs and Maintenance	8,967	1,701	165	635	8,104	4,824	410	24,805
Vehicle Expense	1,040	-	-	-	-	124	-	1,164
Small Furniture/Equipment	-	59	-	50	-	-	-	109
Office Supplies	1,010	828	32	988	32	642	119	3,650
Postage and Delivery	426	1,145	100	784	-	960	4,088	7,503
Printing and Reproduction	1,054	1,740	118	1,689	88	2,775	3,198	10,661
Insurance Expense	3,003	-	-	-	600	4,848	-	8,451
Dues and Subscriptions	375	60	-	-	-	155	614	1,204
Technology Support	6,294	866	47	3,259	55	4,412	3,329	18,262
Professional Fees	100	50	-	1,200	-	6,244	19,671	27,265
Meetings and Meals	80	-	-	-	-	80	547	707
Mileage and Travel	2,380	805	179	2,548	47	229	554	6,743
Taxes and Licenses	-	-	-	-	-	2,555	-	2,555
Bank Charges	-	-	-	-	-	610	17	627
Other Program Expense	923	-	-	617	-	-	-	1,540
Miscellaneous	-	-	-	-	-	1,717	319	2,036
Total before depreciation	1,524,245	174,870	201,997	113,964	22,634	68,030	165,771	2,271,512
Depreciation	17,186	4,381	674	1,011	8,762	796	1,010	33,820
<b>Total Expenses</b>	<b>\$ 1,541,431</b>	<b>\$ 179,251</b>	<b>\$ 202,671</b>	<b>\$ 114,975</b>	<b>\$ 31,396</b>	<b>\$ 68,826</b>	<b>\$ 166,781</b>	<b>\$ 2,305,332</b>

See Independent Auditors' Report and Notes to Financial Statements

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

	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 526,335	\$ 509,228
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	30,915	33,820
Unrealized (gain) loss on investments	(6,030)	(14,667)
Change in unearned income	(5,619)	(31,826)
(Increase) decrease in accounts and contracts receivable	(147,767)	(11,683)
Increase in accounts and construction payables	462,654	7,938
(Increase) decrease in inventory and prepaid expense	(4,363)	(7,000)
Increase (decrease) in deposit on building	-	(4,200)
Increase (decrease) in accrued expenses	4,385	7,300
Contributions restricted to Capital Campaign	(642,038)	(450,005)
Net cash provided by operating activities	218,472	38,905
<b>Cash flows from investing activities:</b>		
Increase in construction in progress	(1,169,137)	(68,378)
Net sales (purchases) of investments	(10,949)	(3,897)
Purchase of furniture and equipment	(299)	-
Net cash used by investing activities	(1,180,385)	(72,275)
<b>Cash flows from financing activities:</b>		
Collections on Capital Campaign	550,701	261,340
Additional borrowing	1,455,854	-
Payments on loans payable	(393,134)	(23,097)
Net cash provided by financing activities	1,613,421	238,243
<b>Increase (Decrease) in Cash</b>	651,508	204,873
<b>Cash and Cash Equivalents, Beginning of Year</b>	330,676	125,803
<b>Cash and Cash Equivalents, End of Year</b>	\$ 982,184	\$ 330,676
<b>Supplemental disclosure:</b>		
Interest paid during the year	\$ 30,661	\$ 22,362

See Independent Auditors' Report and  
Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 and 2009**

**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.

Basis of Presentation

The Organization, under generally accepted accounting principles, 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.

Reclassification

Some balances have been reclassified in the 2009 statements to be in conformity with the 2010 presentation. This had no effect on net assets or changes in net assets.

**COMMUNITY SERVICES LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 and 2009**

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

Fixed Assets

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 and Positions

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). Management has determined that the Organization has no unrelated business income, which could be subject to taxation.

As a tax-exempt organization the League is required to file a Form 990, *Return for Organization Exempt from Income Tax*, each year with the Internal Revenue Service which assesses its continuing status as a tax-exempt organization. Three years are open to audit by the IRS. No interest or penalties for tax are recorded in the financial statements.

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.

Contracts and Accounts Receivable

Receivables are carried at their estimated collectible amounts. These amounts are all considered collectible since the majority of the balance is from governmental contracts.

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 2010 or 2009 because it was not considered material.

**COMMUNITY SERVICES LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 and 2009**

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

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.

Inventory

Inventories are valued at average cost, not in excess of market.

Subsequent Events

Subsequent events have been evaluated through May 16, 2011, which is the date the financial statements were available to be issued.

**NOTE 2: DONATED SPACE**

The Organization operates in facilities donated by outside organizations and donated rent for 2010 and 2009 is shown below.

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

The leases are on a month to month basis. These amounts are included in in-kind contributions and in-kind direct assistance expenses.

**NOTE 3: CAPITAL CAMPAIGN**

The Organization began a capital campaign in 2007 with a goal of \$2.75 million for new facilities and establishment of an endowment/maintenance fund. As of December 31, 2010, the Organization had received pledges (unconditional and conditional commitments) totaling \$2,229,178. The Organization has collected \$918,969 of the pledges (unconditional and conditional commitments) made to date and anticipates collecting the remaining balance over the next five (5) years. A portion of pledge balance above includes \$400,000 of board-designated funds from the exchange transaction resulting from the property located at 300 West Maple Avenue. The sale is scheduled to be completed in the spring of 2011 and payment is conditional based on the Organization receiving the \$400,000 asking price.

**COMMUNITY SERVICES LEAGUE**  
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**NOTE 4: FRINGE BENEFITS**

The Organization maintains a Simplified Employee Pension Plan based on the following criteria. Employees may participate in a 403(b) tax-deferred plan beginning on their date of hire. The Plan is 100% employee funded and participants are fully vested in their accounts. After working one (1) calendar year (12 months) all employees participating are eligible for a match contribution by the Organization of up to 3% (three percent) of the employee's salary. The Organization contributes a percentage of participants' gross salary on an annual basis, electively. The contribution for 2010 was \$4,776 and for 2009 \$4,387. Other fringe benefits include health insurance, employee paid dental insurance, and life insurance for the participating employees.

**NOTE 5: COMPENSATED ABSENCES**

During the years ended December 31, 2010 and 2009, 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 \$10,872 for 2010 and \$24,259 for 2009.

**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: 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 non-binding contract are \$216,000. At December 31, 2010, \$132,000 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 (GMP). The GMP was determined upon the submission of drawings and specifications to the contractor. Construction commenced on September 15, 2010, and as of December 31, 2010, \$1,454,839 had been spent out of the approved GMP of \$1,978,595.

**COMMUNITY SERVICES LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8: 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 years ended December 31, 2010, 35,500 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 \$718,055. For the year ended December 31, 2009, 30,010 hours were contributed by volunteers, and were valued at \$607,703. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under generally accepted accounting principles.

**NOTE 9: IN-KIND CONTRIBUTIONS**

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 years ended 2010 and 2009, in-kind revenue and expense as shown in the Statement of Activities was \$1,065,223 and \$990,562, respectively.

**NOTE 10: MORTGAGE LOAN PAYABLE**

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. The maturity date of the loan was June 1, 2028 with interest unchanged at 6% annually. Payments were \$2,605 each month. Interest paid in 2010 of \$14,897 and in 2009 of \$17,845 was capitalized in construction in progress. At December 31, 2009 the remaining balance on this loan is \$330,019.

In September 2010, the Organization obtained a loan for \$2,300,000, with a fixed initial rate of 5.125% and maturity date of September 2015, to finance the renovation of the new facility. This is secured by a Deed of Trust for the property. Proceeds from the loan were used to repay the balance of the loan described above for the purchase of the building. It had a balance of \$321,471 (for the original property purchase of the new location). In addition, another loan, that was part of a renovation project at 300 West Maple Avenue (current facility), with a balance of \$53,905 was repaid.

The mortgage loan has a balance of \$1,455,853 at December 31, 2010. Monies are borrowed as construction costs are paid. Interest paid on this loan of \$12,242 during 2010 has been capitalized. The loan will be repaid with collections from pledges receivable with a minimum (approximate) payment of between \$15,000 and \$18,000 a month beginning in December 2011.

**COMMUNITY SERVICES LEAGUE**  
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**NOTE 11: LINE OF CREDIT**

The Organization has obtained a line of credit of \$50,000 with the same financial institution as the construction loan. There were no borrowings on this line of credit in 2010.

**NOTE 12: BUILDING**

Complete documentation does not exist to establish cost for one of the buildings owned by the Organization located at 300 West Maple Avenue. The value of this building is listed at \$160,000, including \$34,110 in land.

**NOTE 13: PLEDGES RECEIVABLE, UNCONDITIONAL**

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>2010</u>	<u>2009</u>
Less than one year	\$152,984	\$ 96,864
One to five years	<u>261,225</u>	<u>226,008</u>
Total	<u>\$414,209</u>	<u>\$322,872</u>

**NOTE 14: TEMPORARILY RESTRICTED NET ASSETS**

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

	<b>2010</b>	<b>2009</b>
Capital Campaign	\$ 696,907	\$ 309,031
Specific programs	<u>165,409</u>	<u>197,418</u>
	<u>\$ 862,316</u>	<u>\$ 506,449</u>

**COMMUNITY SERVICES LEAGUE**  
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**NOTE 15: INVESTMENTS**

The Organization has transferred assets to the Truman Heartland Community Foundation and Eastland Community Foundation which, in turn, maintains various funds on behalf of the Organization and has agreed to make future distributions to the Organization consistent with its mission. These funds are shown at fair value and are considered available-for-sale.

	2010	2009
<b>Unrestricted:</b>		
Emergency Assistance Funds	\$ 41,351	\$ 40,810
Non-Endowment Funds	51,994	46,137
Eastland Community Foundation	<u>5,124</u>	<u>-</u>
	<u>\$ 98,469</u>	<u>\$ 86,947</u>
<b>Board Restricted:</b>		
Endowment Fund	\$ 11,288	\$ 10,016
Capital Campaign	17,019	5,958
Memorial Fund	9,838	8,730
I-Share	9,959	15,126
Independence Christmas Concert	<u>8,862</u>	<u>11,680</u>
	<u>\$ 56,966</u>	<u>\$ 51,510</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, 2010 and 2009. 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.

**Truman Heartland and Eastland Community Foundation Funds**

The values shown in Note 15 are those reported by the Community Foundations. These are considered Level 2, based on the criteria above, since the values reported are determined by the underlying investments of the funds which are publicly traded securities or short-term interest bearing cash accounts.