

**COMMUNITY SERVICES LEAGUE
OF JACKSON COUNTY**

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Services League of Jackson County
Independence, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Community Services League of Jackson County (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Services League of Jackson County as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Community Services League of Jackson County as of December 31, 2018 were audited by other auditors whose opinion dated June 27, 2019, expressed an unmodified opinion on those statements.

Change in Accounting Principles

As described in Note 1 to the financial statements, Community Services League of Jackson County adopted Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU) 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments*, ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*, and ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Community Services League of Jackson County also adopted FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended. Our opinion is not modified with respect to these matters.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of Community Services League of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Services League of Jackson County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Services League of Jackson County's internal control over financial reporting and compliance.

IFF + Co. PA

December 31, 2020

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,016,961	672,574
Investments	14,783	13,188
Investments - Board designated	57,429	57,457
Inventory	34,920	40,763
Contracts and accounts receivable	321,757	249,282
Pledges receivable, current portion	358,947	115,000
Prepaid expenses	34,886	33,895
Other assets	<u>1,420</u>	<u>-</u>
TOTAL CURRENT ASSETS	1,841,103	1,182,159
PROPERTY AND EQUIPMENT		
Land	486,475	486,475
Buildings and improvements	3,818,873	3,818,873
Computers and software	105,008	105,008
Vehicles	50,002	50,002
Office furniture and equipment	<u>194,731</u>	<u>180,503</u>
	4,655,089	4,640,861
Accumulated depreciation and amortization	<u>(1,162,998)</u>	<u>(1,008,956)</u>
TOTAL PROPERTY AND EQUIPMENT	3,492,091	3,631,905
PLEDGES RECEIVABLE, less current portion	<u>-</u>	<u>100,000</u>
TOTAL ASSETS	<u>\$ 5,333,194</u>	<u>4,914,064</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 89,527	67,178
Accrued expenses	87,270	68,878
Current portion of mortgage loan payable	<u>662,357</u>	<u>86,652</u>
TOTAL CURRENT LIABILITIES	839,154	222,708
LONG TERM LIABILITIES		
Mortgage loan payable, less current portion	<u>-</u>	<u>932,498</u>
TOTAL LIABILITIES	839,154	1,155,206
NET ASSETS		
Without donor restrictions		
Undesignated	3,463,654	3,243,669
Board-designated	<u>57,429</u>	<u>57,457</u>
Total without donor restrictions	3,521,083	3,301,126
With donor restrictions		
Purpose restrictions	267,957	242,732
Time restrictions	<u>705,000</u>	<u>215,000</u>
Total with donor restrictions	<u>972,957</u>	<u>457,732</u>
TOTAL NET ASSETS	<u>4,494,040</u>	<u>3,758,858</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,333,194</u>	<u>4,914,064</u>

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

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Direct assistance programs	\$ 875,177	-	875,177
Other contributions	429,568	53,274	482,842
In-kind, including donated space of \$12,600	1,418,984	-	1,418,984
Grants	940,873	645,174	1,586,047
United Way support	166,297	33,947	200,244
Government contracts, including in-kind of \$878,458	2,468,874	47,536	2,516,410
Special events	405,034	-	405,034
Rent income	8,820	-	8,820
Recycling	32,763	-	32,763
BlendWell Café sales	51,198	-	51,198
Other income	40,973	-	40,973
Investment income	8,703	-	8,703
Net assets released from restrictions	<u>264,706</u>	<u>(264,706)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 7,111,970	 515,225	 7,627,195
EXPENSES			
Program services			
Income support	3,182,700	-	3,182,700
Housing counseling	1,416,614	-	1,416,614
Employment services	634,947	-	634,947
Financial coaching	291,256	-	291,256
BlendWell Café	<u>168,500</u>	<u>-</u>	<u>168,500</u>
Total program services	5,694,017	-	5,694,017
Supporting services			
Management and general	516,399	-	516,399
Fundraising	<u>681,597</u>	<u>-</u>	<u>681,597</u>
Total supporting services	<u>1,197,996</u>	<u>-</u>	<u>1,197,996</u>
 TOTAL EXPENSES	 <u>6,892,013</u>	 <u>-</u>	 <u>6,892,013</u>
 CHANGE IN NET ASSETS	 219,957	 515,225	 735,182
 NET ASSETS, BEGINNING OF YEAR	 <u>3,301,126</u>	 <u>457,732</u>	 <u>3,758,858</u>
 NET ASSETS, END OF YEAR	 <u>\$ 3,521,083</u>	 <u>972,957</u>	 <u>4,494,040</u>

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

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Direct assistance programs	\$ 610,670	-	610,670
Other contributions	436,063	-	436,063
In-kind, including donated space of \$12,600	1,028,920	-	1,028,920
Grants	542,578	606,048	1,148,626
United Way support	58,765	-	58,765
Government contracts, including in-kind of \$476,688	1,795,149	267,111	2,062,260
Special events	346,020	-	346,020
Rent income	16,200	-	16,200
Recycling	28,707	-	28,707
BlendWell Café sales	24,825	-	24,825
Other income	7,070	-	7,070
Investment loss	(1,574)	-	(1,574)
Net assets released from restrictions	<u>1,680,644</u>	<u>(1,680,644)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	6,574,037	(807,485)	5,766,552
EXPENSES			
Program services			
Income support	2,203,153	-	2,203,153
Housing counseling	1,273,018	-	1,273,018
Employment services	538,659	-	538,659
Financial coaching	213,773	-	213,773
BlendWell Café	<u>222,253</u>	<u>-</u>	<u>222,253</u>
Total program services	4,450,856	-	4,450,856
Supporting services			
Management and general	398,468	-	398,468
Fundraising	<u>565,347</u>	<u>-</u>	<u>565,347</u>
Total supporting services	<u>963,815</u>	<u>-</u>	<u>963,815</u>
TOTAL EXPENSES	<u>5,414,671</u>	<u>-</u>	<u>5,414,671</u>
CHANGE IN NET ASSETS	1,159,366	(807,485)	351,881
NET ASSETS, BEGINNING OF YEAR	<u>2,141,760</u>	<u>1,265,217</u>	<u>3,406,977</u>
NET ASSETS, END OF YEAR	<u>\$ 3,301,126</u>	<u>457,732</u>	<u>3,758,858</u>

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

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program services					Supporting services		Total
	Income support	Housing counseling	Employment services	Financial coaching	BlendWell Café	Management and general	Fundraising	
Salaries and wages	\$ 217,582	467,601	360,875	207,393	59,976	257,466	332,476	1,903,369
Payroll taxes	18,552	37,261	28,706	16,893	5,208	18,387	25,376	150,383
Employee benefits	32,256	83,786	58,380	19,489	762	40,640	39,167	274,480
Total personnel costs	268,390	588,648	447,961	243,775	65,946	316,493	397,019	2,328,232
Cost of goods sold	-	-	-	-	22,089	-	-	22,089
Direct assistance	236,831	732,433	113,875	6,058	-	-	-	1,089,197
In-kind assistance	2,615,996	-	-	-	-	-	-	2,615,996
Special events expense	-	-	-	-	-	-	127,081	127,081
Development expense	-	-	-	-	-	-	92,973	92,973
Occupancy	15,071	32,653	25,118	13,815	24,810	41,948	22,606	176,021
Technology support	12,411	26,890	20,684	11,376	2,275	15,501	18,616	34,117
Mortgage interest	3,115	6,750	5,192	2,856	2,849	6,224	4,673	10,897
Office expense	21,394	11,188	8,231	5,739	4,878	23,149	6,132	29,281
Professional fees	1,160	-	-	-	-	65,099	-	65,099
Total before depreciation	3,174,368	1,398,562	621,061	283,619	122,847	468,414	669,100	6,737,971
Depreciation	8,332	18,052	13,886	7,637	45,653	47,985	12,497	154,042
TOTAL EXPENSES	\$ 3,182,700	1,416,614	634,947	291,256	168,500	516,399	681,597	6,892,013

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Program services					Supporting services		Total
	Income support	Housing counseling	Employment services	Financial coaching	BlendWell Café	Management and general	Fundraising	
Salaries and wages	\$ 155,109	352,601	361,802	143,882	41,219	207,490	271,984	1,534,087
Payroll taxes	11,834	28,401	28,401	11,834	3,615	16,567	21,301	121,953
Employee benefits	19,633	50,811	52,996	14,789	1,428	37,047	31,837	208,541
Total personnel costs	186,576	431,813	443,199	170,505	46,262	261,104	325,122	1,864,581
Cost of goods sold	-	-	-	-	12,478	-	-	12,478
Direct assistance	470,480	746,364	619	-	-	-	-	1,217,463
In-kind assistance	1,505,609	-	-	-	-	-	-	1,505,609
Special events expense	-	-	-	-	1,071	-	129,984	131,055
Development expense	-	-	-	-	989	-	39,110	40,099
Occupancy	10,122	24,293	24,293	10,122	25,366	14,171	18,219	126,586
Technology support	9,704	23,289	23,289	9,704	9,890	13,585	17,467	106,928
Mortgage interest	3,674	8,820	8,820	3,675	7,914	5,145	6,615	44,663
Office expense	6,598	13,504	13,504	5,627	18,588	21,812	10,128	89,761
Professional fees	-	-	-	3,750	1,500	68,105	-	73,355
Total before depreciation	2,192,763	1,248,083	513,724	203,383	124,058	383,922	546,645	5,212,578
Depreciation	10,390	24,935	24,935	10,390	98,195	14,546	18,702	202,093
TOTAL EXPENSES	\$ 2,203,153	1,273,018	538,659	213,773	222,253	398,468	565,347	5,414,671

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 735,182	351,881
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	154,042	202,093
Realized gain on investments	(242)	-
Unrealized (gain) loss on investments	(6,457)	5,006
Collections on capital campaign - 24 Highway building	-	(729,830)
Changes in operating assets and liabilities		
Contracts and accounts receivable	(72,475)	(122,093)
Pledges receivable	(143,947)	-
Inventory	5,843	(7,017)
Prepaid expenses	(991)	15,850
Other assets	(1,420)	-
Accounts payable	22,349	(1,287)
Accrued expenses	<u>18,392</u>	<u>2,942</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	710,276	(282,455)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	48,694	11,736
Purchases of investments	(41,406)	(54,470)
Reinvested earnings on investments	(2,156)	(3,432)
Purchases of property and equipment	<u>(14,228)</u>	<u>(974,504)</u>
NET CASH USED IN INVESTING ACTIVITIES	(9,096)	(1,020,670)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Collections on capital campaign - 24 Highway building	-	729,830
Payments on mortgage loan payable	<u>(356,793)</u>	<u>(340,980)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(356,793)	388,850
 CHANGE IN CASH AND CASH EQUIVALENTS	344,387	(914,275)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>672,574</u>	<u>1,586,849</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,016,961</u>	<u>672,574</u>
 Supplemental disclosure:		
Interest paid during the year	<u>\$ 31,659</u>	<u>44,663</u>

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

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Services League of Jackson County (the Organization), a not-for-profit organization, was established in 1916 by former First Lady Bess Wallace Truman and other women and provides basic human needs (food, clothing, and shelter), comprehensive employment counseling and training, housing services, and financial coaching to clients in Eastern Jackson County. Community Services League of Jackson County's mission is to assist communities in reaching their potential by providing immediate relief to people in need, assessing their situations, and providing solutions that lead to economic stability.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash Equivalents

The Organization considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents.

Inventory

Inventories are valued at estimated average costs, not in excess of market, and consist of food items for distribution.

Contracts and Accounts Receivable

The Organization's contracts and accounts receivable are due from contracts and grants and are recorded at amounts due, net of an allowance for doubtful accounts. Receivables are generally due within thirty days or at the grantor's discretion. Amounts outstanding beyond the time agreed are considered past due. The Organization determines its allowance by considering a number of factors, including the length of time that receivables are past due, the Organization's previous loss history, the grantor's current ability to pay its obligation to the Organization, and the condition of the general economy as a whole. The Organization writes off receivables when they become uncollectible. At December 31, 2019 and 2018, the Organization considered receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable

The present value of unconditional promises to give, less an allowance for uncollectible amounts, is recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2019 and 2018, the Organization considered grants and contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Property and Equipment

The Organization capitalizes all significant acquisitions of property and equipment, which are recorded at cost or fair value, if donated. Property and equipment are depreciated or amortized using the straight-line method over the estimated useful lives of the related assets ranging from five to forty years.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures that materially extend the life of an asset are capitalized.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Organization’s Board of Directors may designate, from net assets without donor restrictions, funds to be maintained for specific purposes. The Board of Directors designated \$57,429 and \$57,457 as reserve funds as of December 31, 2019 and 2018, respectively. See Note 3.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets - Continued

- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statements of activities. The accompanying statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

The Organization is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been included in the accompanying financial statements.

The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Organization is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Organization is no longer subject to income tax examinations by the applicable tax authorities for the years before 2016. If any were to be incurred, the Organization's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of goods and services from various donors. It is the policy of the Organization to record the estimated fair value of these in-kind donations. Additionally, a substantial number of volunteers donated significant amounts of their time to assist in the Organization's program services. During the years ended December 31, 2019 and 2018, approximately 27,100 hours were contributed by volunteers each year and are valued at the rate established by the Independent Sector of \$24.65 and \$23.96 per hour, respectively, for the years ended December 31, 2019 and 2018, for a value of volunteers' donated time at \$668,015 and \$649,316 for each the years ended December 31, 2019 and 2018, respectively. However, the value of their donated time does not meet the criteria to record in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Accounting Principles

In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Organization implemented ASU 2016-15 and ASU 2016-18 and has adjusted the presentation in the financial statements accordingly. These ASUs have been applied retrospectively to all periods presented, which had no effect on previously reported amounts.

FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all revenue recognition guidance within generally accepted accounting principles. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization implemented Topic 606 and has adjusted the presentation in the financial statements accordingly. The standards have been applied retrospectively to all periods presented, which had no effect on previously reported amounts.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Change in Accounting Principles - Continued

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization implemented this ASU and has adjusted the presentation in the financial statements accordingly. The ASU has been applied prospectively, which had no effect on previously reported amounts.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 retains a distinction between operating leases and financing leases, and the classification criteria is substantially similar to previous lease guidance. The main change in the new guidance is the requirement for all leases to be recognized on the statement of financial position at the present value of lease payments. The Organization will adopt ASU 2016-02 in the reporting period beginning January 1, 2022. The Organization is currently evaluating the impact on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will change the presentation and disclosure for contributions other than financial assets. The Organization will adopt ASU 2020-07 in the reporting period beginning January 1, 2021, and it is not expected to have a significant impact on the financial statements.

Reclassifications

Certain items in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on the previously reported change in net assets.

Subsequent Events

Subsequent events have been evaluated through December 31, 2020, which is the date the financial statements were available to be issued.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,016,961	672,574
Investments	14,783	13,188
Investments - Board designated	57,429	57,457
Contracts and accounts receivable	321,757	249,282
Pledges receivable	<u>358,947</u>	<u>215,000</u>
Financial assets, at year-end	1,769,877	1,207,501
Less those unavailable for general expenditure within one year, due to:		
Board designations	(57,429)	(57,457)
Donor restricted for time	(705,000)	(215,000)
Donor restricted for specified purpose	<u>(267,957)</u>	<u>(242,732)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 739,491</u>	<u>692,312</u>

As part of the Organization's liquidity management plan, the Organization periodically invests cash in interest-bearing cash accounts. Additionally, board-designated reserve funds can be released to meet liquidity needs.

NOTE 3 - FUNDS HELD AT COMMUNITY FOUNDATIONS

The Organization holds funds at the Truman Heartland Community Foundation (THCF) and Eastland Community Foundation (ECF). Disbursements to the Organization can be made upon request and with proper approval. The investments are held in a money market pool, a fixed income pool, and a domestic equity pool.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Organization classifies its investments into Level 1 (securities valued using quoted market prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following are descriptions of the valuation methodologies and inputs for investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy.

- Funds Held at THCF and ECF - Funds held at THCF and ECF consist of investments in various investment pools. The fair value of such investments is determined using the net asset value (NAV) per share as a practical expedient. The investments are classified within Level 2 of the fair value hierarchy.

The following tables summarize the valuation of investments measured at fair value on a recurring basis in the accompanying statements of financial position at December 31, 2019 and 2018, including the additional requirement to classify securities by major category, which is defined as the major security type classifications within ASC 820.

Assets at Fair Value as of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds held at THCF and ECF				
Money market pool	\$ -	22,629	-	22,629
Fixed income pool	-	17,354	-	17,354
Equity pool	-	<u>32,229</u>	-	<u>32,229</u>
	<u>\$ -</u>	<u>72,212</u>	<u>-</u>	<u>72,212</u>

Assets at Fair Value as of December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds held at THCF and ECF				
Money market pool	\$ -	31,596	-	31,596
Fixed income pool	-	13,667	-	13,667
Equity pool	-	<u>25,382</u>	-	<u>25,382</u>
	<u>\$ -</u>	<u>70,645</u>	<u>-</u>	<u>70,645</u>

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5 - MORTGAGE LOAN PAYABLE

The Organization has a mortgage loan payable to finance the renovation of the central office and to purchase another building. The interest rate was 3.94% until July 2018 at which time it increased to 4.25%. Monthly payments of principal and interest are \$3,516 with a final balloon payment due December 2020.

This loan was paid in full in December 2020.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Program services	\$ 267,957	242,732
Subject to passage of time:	<u>705,000</u>	<u>215,000</u>
	<u>\$ 972,957</u>	<u>457,732</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Program services	\$ 149,706	747,003
Building improvements	<u>-</u>	<u>933,641</u>
	149,706	1,680,644
Subject to passage of time:	<u>115,000</u>	<u>-</u>
	<u>\$ 264,706</u>	<u>1,680,644</u>

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7 - REVENUE RECOGNITION

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$74,892 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred.

NOTE 8 - INVESTMENT INCOME (LOSS)

The following table presents a reconciliation of the components of net return on investment for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Realized gain on investments	\$ 242	-
Unrealized gain (loss) on investments	6,457	(5,006)
Interest and dividends	2,933	4,177
Administrative fees	<u>(929)</u>	<u>(745)</u>
Net investment income (loss)	<u>\$ 8,703</u>	<u>(1,574)</u>

NOTE 9 - FEDERAL AWARDS

The Organization has received financial assistance from certain federal agencies, either directly or through various pass-through grantors, in the form of contracts, grants, and awards to fund its activities. These activities are subject to audit by agents of the granting authority. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 10 - MATCHING FUNDS

In order to receive reimbursements from certain programs, the Organization is required to provide a certain percentage of local matching funds. This funding requirement is met through contributions from public and private sources.

NOTE 11 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salary and benefit related expenses are allocated on the basis of estimates of time and effort, while depreciation and other occupancy related expenses are allocated on a square footage basis.

NOTE 12 - RETIREMENT PLAN

The Organization sponsors a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) with limited eligibility. Employees who are reasonably expected to receive at least \$500 in compensation for the calendar year and employees who have received at least \$500 in compensation during any one year are eligible. The amount by which the employee agrees to reduce his or her compensation will be contributed by the employer to the employee's SIMPLE Individual Retirement Account. The Organization will match the employee's contribution in an amount equal to 3% of the employee's salary reduction contribution. For the years ended December 31, 2019 and 2018, employer contribution expense was \$32,704 and \$25,251, respectively.

NOTE 13 - RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 14 - CONCENTRATIONS

The Organization maintains accounts in banks in the greater Kansas City, Missouri area. These balances were insured by the Federal Deposit Insurance Corporation (FDIC) at each institution up to \$250,000. As of December 31, 2019, the Organization had \$739,244 in excess of FDIC coverage. As of December 31, 2018, the Organization had no amounts in excess of FDIC coverage.

A significant donor is defined as a donor who contributed 10% or more of total revenue and support during the period. During the year ended December 31, 2019, the Organization received commodities from the U.S. Department of Agriculture for use in its programs. Revenues from this donor represented approximately 12% of the Organization's total support and revenue for the year ended December 31, 2019. During the year ended December 31, 2018, the Organization received contracts from the U.S. Department of Housing and Urban Development for funding for its programs. Revenue from this donor represented approximately 10% of the Organization's total support and revenue for the year ended December 31, 2018.

NOTE 15 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 358,947	115,000
Due in one to five years	-	<u>100,000</u>
	<u>\$ 358,947</u>	<u>215,000</u>

NOTE 16 - BANK LINE OF CREDIT

The Organization has a line of credit with a bank, which is secured by all business assets. The line of credit allows for maximum borrowings of \$300,000. The line of credit bears interest at the prime rate plus 0.50%, but no less than 5.50% (5.50% at December 31, 2019) and is payable monthly. No amounts were outstanding at December 31, 2019 or 2018. The line of credit expires in February 2021.

See Note 17.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 17 - SUBSEQUENT EVENTS

In early 2020, the COVID-19 outbreak in the United States began disrupting operations and affecting a wide range of industries and their employees. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on its programs, donors, employees, and vendors, all of which are uncertain and cannot be predicted. The extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain and cannot be reasonably estimated. No adjustments have been made to these financial statements as a result of this uncertainty.

In April 2020, the Organization applied for and received a loan of \$351,300 under the Paycheck Protection Program (PPP) created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for ten months after the end of an eight- or 24-week loan forgiveness covered period. The loan is uncollateralized and is fully guaranteed by the federal government. The loan was forgiven in full in November 2020 upon meeting the requirement of the program during the covered period.

During 2020, the Organization received distributions on the bank line of credit totaling \$300,000. The line of credit was paid in full in April 2020. See Note 16.

SUPPLEMENTARY INFORMATION

**COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Food Distribution Cluster			
Pass through from Harvesters Community Food Network			
Emergency Food Assistance Program (Food Commodities)	10.569	TEFAP56, TEFAP77, TEFAP78, TEFAP79, TEFAP80, TEFAP81, TEFAP82	\$ 872,351
Commodity Supplemental Food Program	10.565	CSFP67	6,107
Total Food Distribution Cluster			878,458
Total U.S. Department of Agriculture			878,458
<u>U.S. Department of Housing and Urban Development</u>			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants			
Pass through from the City of Independence, Missouri	14.218	ON17741-2018, ON17741-2019	23,934
Pass through from the City of Blue Springs, Missouri	14.218	BS 2018-181-1A, BS 2019-148-1A	23,338
Total CDBG - Entitlement Grants Cluster			47,272
Emergency Solutions Grant Program			
Pass through from Missouri Housing Development Commission	14.231	18-726-E, 19-759-E	46,552
Housing Counseling Assistance Program	14.169		17,282
Continuum of Care Program	14.267		631,730
Total U.S. Department of Housing and Urban Development			742,836
<u>U.S. Department of Labor</u>			
WIOA Cluster			
Workforce Innovation and Opportunity Act (WIOA), Adult Programs			
Pass through from Missouri Division of Workplace Development	17.258	OSO 18-01, OSO 19-01	103,394
<u>U.S. Department of Education</u>			
Rehabilitation Services Vocational Rehabilitation Grants to States			
Pass through from Missouri Department of Elementary and Secondary Education	84.126	VR18FED, VR19FED	261,633
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program			
Pass through from United Way of Greater Kansas City	97.024	35-525800-003, 36-525800-003	37,831
Total expenditures of federal awards			\$ 2,024,152

NOTE A - BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community Services League of Jackson County under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Services League of Jackson County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Services League of Jackson County.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE C - SUBRECIPIENTS

The Organization did not provide federal awards to subrecipients during the year ended December 31, 2019.

NOTE D - INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Community Services League of Jackson County
Independence, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Services League of Jackson County (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Services League of Jackson County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Services League of Jackson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Services League of Jackson County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Services League of Jackson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Iff + Co. PA

December 31, 2020

IFFT & CO. PA

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Community Services League of Jackson County
Independence, Missouri

Report on Compliance for Each Major Federal Program

We have audited Community Services League of Jackson County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Services League of Jackson County's major federal programs for the year ended December 31, 2019. Community Services League of Jackson County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Services League of Jackson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Services League of Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Services League of Jackson County's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Services League of Jackson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Community Services League of Jackson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Services League of Jackson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Services League of Jackson County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

IFF + Co. PA

December 31, 2020

**COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Any material weakness(es) identified? yes no
- Any significant deficiency(ies) identified not considered to be material weaknesses? yes none reported
- Any noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Any material weakness(es) identified? yes no
- Any significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.565 and 10.569	Food Distribution Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

There were no findings in the current year.

Section III - Findings Required to be Reported by the Uniform Guidance

There were no findings in the current year.



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Karen Schuler
Vice Chair

Merideth Parrish
Secretary

Jeff Benson
Treasurer

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Patrick Campbell
Cathi Christina
Don Fore
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Julie van Dijk
Jerry Vaughan
Laura Vernon
Eric Washington
Byron Williamson

President & CEO
Doug Cowan

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019**

Prior Federal Audit Findings

U.S. DEPARTMENT OF AGRICULTURE (USDA)

FINDING 2018-001: Emergency Food Assistance Program (Food Commodities)

Condition: The Organization had federal awards expenditures of more than \$750,000 in each of the years ended December 31, 2017 and 2016 and was required to have a single audit for those years. The Organization did not have a single audit for the years ended December 31, 2017 and 2016.

Recommendation: The auditor recommended that the Organization have a single audit for each of the years ended December 31, 2017 and 2016.

Current Status: The recommendation was adopted and a single audit was completed for each of the years ended December 31, 2017 and 2016 on December 21, 2019. There were no similar findings noted in the December 31, 2019 audit.

FINDING 2017-001: Emergency Food Assistance Program (Food Commodities)

Condition: The Organization is required to maintain accurate and complete records with respect to the distribution/use of USDA foods. Signed Applications for Receipt of USDA Foods – FD-15A-Part2 could not be provided for eight out of 40 client files tested.

Recommendation: The auditor recommended that the Organization ensure that all required records are maintained for a period of three years from the close of the fiscal year to which they pertain.

Current Status: The recommendation was adopted in 2019. No similar findings were noted in the December 31, 2019 audit.



Sharing Boss Truman's Legacy of Caring Since 1916

BOARD OF DIRECTORS

FINDING 2016-001: Emergency Food Assistance Program (Food Commodities)

Sonci Bleckinger
Chair

Condition: The Organization is required to maintain accurate and complete records with respect to the distribution/use of USDA foods. Signed Applications for Receipt of USDA Foods – FD-15A-Part2 could not be provided for 21 out of 40 client files tested.

Karen Schuler
Vice Chair

Recommendation: The auditor recommended that the Organization ensure that all required records are maintained for a period of three years from the close of the fiscal year to which they pertain.

Merideth Parrish
Secretary

Jeff Benson
Treasurer

Current Status: The recommendation was adopted in 2019. No similar findings were noted in the December 31, 2019 audit.

Cathi Cackler-Veazey
Past Chair

Irene Baltrusaitis
Patrick Campbell
Cathi Christina
Don Fore
Hannah Francis
Jackie Gill
Kat Hnatyshyn
Paul Kinder
Martin Kuny
Garland Land
Jim Parcel
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Byron Williamson

President & CEO

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