

**COMMUNITY SERVICES LEAGUE
OF JACKSON COUNTY**

FINANCIAL STATEMENTS

December 31, 2021 and 2020

IFFT & CO. PA
Certified Public Accountants

11030 Granada Lane • Suite 100 • Overland Park, Kansas 66211
Tel 913-345-1120 • Fax 913-345-0724 • E-mail info@ifftcpa.com

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Community Services League of Jackson County (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Services League of Jackson County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Services League of Jackson County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Services League of Jackson County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Services League of Jackson County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ifft + Co. PA

March 28, 2023

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,633,617	2,420,303
Restricted cash - federal awards	-	537,584
Total cash, cash equivalents, and restricted cash	<u>5,633,617</u>	<u>2,957,887</u>
Investments	16,571	15,683
Investments - Board designated	27,776	55,905
Inventory	69,974	78,485
Contracts and accounts receivable	578,831	485,301
Pledges receivable, current portion	329,886	134,351
Prepaid expenses	75,821	50,659
Other assets	-	3,632
TOTAL CURRENT ASSETS	<u>6,732,476</u>	<u>3,781,903</u>
 PLEDGES RECEIVABLE, less current portion	 -	 15,000
 PROPERTY AND EQUIPMENT		
Land	486,475	486,475
Buildings and improvements	4,034,582	3,850,227
Computers and software	37,166	105,008
Vehicles	52,152	52,152
Office furniture and equipment	<u>317,623</u>	<u>240,791</u>
	4,927,998	4,734,653
Accumulated depreciation and amortization	<u>(1,419,269)</u>	<u>(1,315,771)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>3,508,729</u>	<u>3,418,882</u>
 TOTAL ASSETS	 <u>\$10,241,205</u>	 <u>7,215,785</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 156,186	147,353
Accrued expenses	197,301	201,949
Refundable grant advances	<u>3,312,298</u>	<u>576,288</u>
TOTAL CURRENT LIABILITIES	<u>3,665,785</u>	<u>925,590</u>
 NET ASSETS		
Without donor restrictions		
Undesignated	5,500,318	5,206,463
Board-designated	<u>27,776</u>	<u>55,905</u>
Total without donor restrictions	5,528,094	5,262,368
With donor restrictions		
Purpose restrictions	917,440	702,421
Time restrictions	<u>129,886</u>	<u>325,406</u>
Total with donor restrictions	<u>1,047,326</u>	<u>1,027,827</u>
TOTAL NET ASSETS	<u>6,575,420</u>	<u>6,290,195</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$10,241,205</u>	 <u>7,215,785</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Direct assistance programs	\$ 306,381	-	306,381
Other contributions	1,104,895	44,885	1,149,780
In-kind donated space	9,450	-	9,450
Grants	1,156,175	525,000	1,681,175
United Way support	78,655	19,352	98,007
Government contracts, including in-kind food of \$932,088	14,714,483	-	14,714,483
Special events	306,230	-	306,230
Rent income	9,350	-	9,350
Recycling	23,393	-	23,393
BlendWell Café sales	67,852	-	67,852
Other income	941	-	941
Investment income	4,993	-	4,993
Net assets released from restrictions	<u>569,738</u>	<u>(569,738)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 <u>18,352,536</u>	 <u>19,499</u>	 <u>18,372,035</u>
 EXPENSES			
Program services			
Income support	3,017,416	-	3,017,416
Housing counseling	695,965	-	695,965
Employment services	675,416	-	675,416
Financial coaching	604,281	-	604,281
BlendWell Café	186,155	-	186,155
Emergency Rental Assistance Program (ERAP)	<u>11,330,991</u>	<u>-</u>	<u>11,330,991</u>
Total program services	16,510,224	-	16,510,224
Supporting services			
Management and general	763,296	-	763,296
Fundraising	<u>813,290</u>	<u>-</u>	<u>813,290</u>
Total supporting services	<u>1,576,586</u>	<u>-</u>	<u>1,576,586</u>
 TOTAL EXPENSES	 <u>18,086,810</u>	 <u>-</u>	 <u>18,086,810</u>
 CHANGE IN NET ASSETS	 265,726	 19,499	 285,225
 NET ASSETS, BEGINNING OF YEAR	 <u>5,262,368</u>	 <u>1,027,827</u>	 <u>6,290,195</u>
 NET ASSETS, END OF YEAR	 <u>\$ 5,528,094</u>	 <u>1,047,326</u>	 <u>6,575,420</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Direct assistance programs	\$ 1,042,671	-	1,042,671
Other contributions	1,086,336	323,731	1,410,067
In-kind, including donated space of \$12,600	340,614	-	340,614
Grants	1,509,305	123,000	1,632,305
United Way support	101,669	19,352	121,021
Government contracts, including in-kind food of \$1,289,082	5,737,592	94,895	5,832,487
Special events	226,810	-	226,810
Rent income	12,375	-	12,375
Recycling	12,928	-	12,928
BlendWell Café sales	40,674	-	40,674
Paycheck Protection Program loan forgiveness	353,476	-	353,476
Other income	1,430	-	1,430
Investment income	5,997	-	5,997
Net assets released from restrictions	<u>506,108</u>	<u>(506,108)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	10,977,985	54,870	11,032,855
EXPENSES			
Program services			
Income support	5,239,131	-	5,239,131
Housing counseling	1,472,322	-	1,472,322
Employment services	845,495	-	845,495
Financial coaching	359,166	-	359,166
BlendWell Café	<u>165,897</u>	<u>-</u>	<u>165,897</u>
Total program services	8,082,011	-	8,082,011
Supporting services			
Management and general	479,397	-	479,397
Fundraising	<u>675,292</u>	<u>-</u>	<u>675,292</u>
Total supporting services	<u>1,154,689</u>	<u>-</u>	<u>1,154,689</u>
TOTAL EXPENSES	<u>9,236,700</u>	<u>-</u>	<u>9,236,700</u>
CHANGE IN NET ASSETS	1,741,285	54,870	1,796,155
NET ASSETS, BEGINNING OF YEAR	<u>3,521,083</u>	<u>972,957</u>	<u>4,494,040</u>
NET ASSETS, END OF YEAR	<u><u>\$ 5,262,368</u></u>	<u><u>1,027,827</u></u>	<u><u>6,290,195</u></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, 2021

	Program services						Supporting services				
	Income support	Housing counseling	Employment services	Financial coaching	BlendWell Caf�	ERAP	Total	Management and general	Fundraising	Total	Total
Salaries and wages	\$ 223,889	531,637	289,554	249,066	86,901	470,681	1,851,728	254,477	347,090	601,567	2,453,295
Payroll taxes	18,694	37,959	29,100	25,703	8,408	14,354	134,218	70,365	34,709	105,074	239,292
Employee benefits	44,777	39,126	57,910	29,887	9,098	24,035	204,833	171,807	86,772	258,579	463,412
Total personnel costs	<u>287,360</u>	<u>608,722</u>	<u>376,564</u>	<u>304,656</u>	<u>104,407</u>	<u>509,070</u>	<u>2,190,779</u>	<u>496,649</u>	<u>468,571</u>	<u>965,220</u>	<u>3,155,999</u>
Cost of goods sold	-	-	-	-	38,798	-	38,798	-	-	-	38,798
Direct assistance	1,711,348	5,910	226,203	255,886	288	10,593,417	12,793,052	-	1,252	1,252	12,794,304
In-kind assistance	941,439	-	-	-	-	-	941,439	-	-	-	941,439
Special events expense	-	-	-	-	-	-	-	-	154,425	154,425	154,425
Development expense	-	-	-	-	475	-	475	4,148	112,092	116,240	116,715
Occupancy	18,257	36,514	26,683	13,502	25,260	-	120,216	33,468	21,413	54,881	175,097
Technology support	7,372	11,086	14,363	4,079	5,130	23,613	65,643	72,401	15,923	88,324	153,967
Office expense	24,430	27,059	18,673	17,379	9,983	20,612	118,136	86,970	31,828	118,798	236,934
Professional fees	<u>-</u>	<u>-</u>	<u>6,547</u>	<u>2,960</u>	<u>-</u>	<u>76,125</u>	<u>85,632</u>	<u>62,370</u>	<u>-</u>	<u>62,370</u>	<u>148,002</u>
Total before depreciation	2,990,206	689,291	669,033	598,462	184,341	11,222,837	16,354,170	756,006	805,504	1,561,510	17,915,680
Depreciation	<u>27,210</u>	<u>6,674</u>	<u>6,383</u>	<u>5,819</u>	<u>1,814</u>	<u>108,154</u>	<u>156,054</u>	<u>7,290</u>	<u>7,786</u>	<u>15,076</u>	<u>171,130</u>
TOTAL EXPENSES	<u>\$ 3,017,416</u>	<u>695,965</u>	<u>675,416</u>	<u>604,281</u>	<u>186,155</u>	<u>11,330,991</u>	<u>16,510,224</u>	<u>763,296</u>	<u>813,290</u>	<u>1,576,586</u>	<u>18,086,810</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, 2020

	Program services					Supporting services				
	Income support	Housing counseling	Employment services	Financial coaching	BlendWell Café	Total	Management and general	Fundraising	Total	Total
Salaries and wages	\$ 277,737	531,637	402,284	224,112	58,221	1,493,991	260,968	387,861	648,829	2,142,820
Payroll taxes	25,483	47,959	35,573	17,497	4,783	131,295	19,628	26,254	45,882	177,177
Employee benefits	48,466	91,211	67,656	33,278	9,097	249,708	37,329	49,931	87,260	336,968
Total personnel costs	351,686	670,807	505,513	274,887	72,101	1,874,994	317,925	464,046	781,971	2,656,965
Cost of goods sold	-	-	-	-	19,627	19,627	-	-	-	19,627
Direct assistance	3,198,446	668,054	226,203	32,948	-	4,125,651	-	-	-	4,125,651
In-kind assistance	1,617,096	-	-	-	-	1,617,096	-	-	-	1,617,096
Special events expense	-	-	-	-	-	-	-	48,979	48,979	48,979
Development expense	-	-	-	-	-	-	-	75,005	75,005	75,005
Occupancy	18,257	36,514	26,683	14,044	13,942	109,440	21,065	23,874	44,939	154,379
Technology support	13,368	26,737	19,539	10,283	1,712	71,639	15,425	17,482	32,907	104,546
Mortgage interest	2,514	5,028	3,674	1,934	580	13,730	2,320	3,287	5,607	19,337
Office expense	22,839	35,333	25,820	13,590	11,616	109,198	14,801	23,102	37,903	147,101
Professional fees	-	-	16,250	-	-	16,250	90,640	-	90,640	106,890
Total before depreciation	5,224,206	1,442,473	823,682	347,686	119,578	7,957,625	462,176	655,775	1,117,951	9,075,576
Depreciation	14,925	29,849	21,813	11,480	46,319	124,386	17,221	19,517	36,738	161,124
TOTAL EXPENSES	\$ 5,239,131	1,472,322	845,495	359,166	165,897	8,082,011	479,397	675,292	1,154,689	9,236,700

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

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 285,225	1,796,155
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	171,130	161,124
Paycheck Protection Program loan forgiveness	-	(353,476)
Realized gain on investments	(820)	(615)
Unrealized gain on investments	(2,551)	(1,869)
Loss on disposal of property and equipment	209	-
Changes in operating assets and liabilities		
Contracts and accounts receivable	(93,530)	(163,544)
Pledges receivable	(180,535)	209,596
Inventory	8,511	(43,565)
Prepaid expenses	(25,162)	(15,773)
Other assets	3,632	(2,212)
Accounts payable	8,833	57,826
Accrued expenses	(4,648)	114,679
Refundable grant advances	<u>2,736,010</u>	<u>576,288</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,906,304	2,334,614
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	31,497	78,383
Purchases of investments	(25)	(73,243)
Reinvested earnings on investments	(860)	(2,032)
Purchases of property and equipment	<u>(261,186)</u>	<u>(87,915)</u>
NET CASH USED IN INVESTING ACTIVITIES	(230,574)	(84,807)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	353,476
Payments on mortgage loan payable	<u>-</u>	<u>(662,357)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>-</u>	<u>(308,881)</u>
 CHANGE IN CASH	2,675,730	1,940,926
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,957,887</u>	<u>1,016,961</u>
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	<u>\$ 5,633,617</u>	<u>2,957,887</u>
 Supplemental disclosure:		
Interest paid during the year	<u>\$ -</u>	<u>19,337</u>

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

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020

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, 2021 and 2020, 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 \$27,776 and \$55,905 as reserve funds as of December 31, 2021 and 2020, respectively.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 2018. 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, 2021 and 2020

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. Approximately 41,180 and 27,100 hours were contributed by volunteers and are valued at the rate established annually by the Independent Sector of \$27.21 and \$25.96 per hour for a value of volunteers' donated time at \$1,120,508 and \$703,516 for the years ended December 31, 2021 and 2020, respectively (unaudited). 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.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 are 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. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) - Effective Dates for Certain Entities*, which delayed the effective date of ASU 2016-02, such that the amendments are now required to be adopted for the Organization's December 31, 2022 financial statements, and they are not expected to have a significant 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, 2022, and it is not expected to have a significant impact on the financial statements.

COMMUNITY SERVICES LEAGUE OF JACKSON COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Events

Subsequent events have been evaluated through March 28, 2023, which is the date the financial statements were available to be issued.

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>2021</u>	<u>2020</u>
Cash, cash equivalents, and restricted cash	\$ 5,633,617	2,957,887
Investments	16,571	15,683
Investments - Board designated	27,776	55,905
Contracts and accounts receivable	578,831	485,301
Pledges receivable, current portion	<u>329,886</u>	<u>134,351</u>
Financial assets, at year-end	6,586,681	3,649,127
Less those unavailable for general expenditure within one year:		
Refundable grant advances	(3,312,298)	(576,288)
Board designations	(27,776)	(55,905)
Donor restricted for specified purpose	<u>(917,440)</u>	<u>(702,421)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,329,167</u>	<u>2,314,513</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.

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NOTE 4 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (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, 2021 and 2020, 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, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds held at THCF and ECF				
Money market pool	\$ -	12,294	-	12,294
Fixed income pool	-	11,292	-	11,292
Equity pool	-	<u>20,761</u>	-	<u>20,761</u>
	<u>\$ -</u>	<u>44,347</u>	<u>-</u>	<u>44,347</u>

Assets at Fair Value as of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds held at THCF and ECF				
Money market pool	\$ -	11,363	-	11,363
Fixed income pool	-	21,133	-	21,133
Equity pool	-	<u>39,092</u>	-	<u>39,092</u>
	<u>\$ -</u>	<u>71,588</u>	<u>-</u>	<u>71,588</u>

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NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 329,886	134,351
Due in one to five years	<u> -</u>	<u> 15,000</u>
	<u>\$ 329,886</u>	<u> 149,351</u>

NOTE 6 - BANK LINE OF CREDIT

The Organization has a line of credit with a bank, which is secured by all business assets and an expiration of date July 2022. 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, 2021) and is payable monthly. No amounts were outstanding at December 31, 2021 or 2020.

The line of credit has been renewed through July 2023. See Note 18.

NOTE 7 - MORTGAGE LOAN PAYABLE

The Organization had a mortgage loan payable to finance the renovation of the central office and to purchase another building. The interest rate was 4.25%. Monthly payments of principal and interest were \$3,516 with a final balloon payment due December 2020.

This loan was paid in full in December 2020.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Specific program services	\$ 917,440	702,421
Subject to the passage of time:	<u> 129,886</u>	<u> 325,406</u>
	<u>\$ 1,047,326</u>	<u> 1,027,827</u>

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NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS - Continued

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Program services	\$ 244,332	126,514
Subject to the passage of time:	<u>325,406</u>	<u>379,594</u>
	<u>\$ 569,738</u>	<u>506,108</u>

NOTE 9 - 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 grant advances in the accompanying statements of financial position and were \$3,312,298 and \$576,288 at December 31, 2021 and 2020, respectively. One of the grants at December 31, 2020 required certain amounts to be kept in a separate bank account and is included in restricted cash-federal awards in the accompanying 2020 statement of financial position. The Organization received cost-reimbursable grants of \$6,116,581 and \$227,237 that have not been recognized at December 31, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

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NOTE 10 - INVESTMENT INCOME

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

	<u>2021</u>	<u>2020</u>
Realized gain on investments	\$ 820	615
Unrealized gain on investments	2,551	1,869
Interest and dividends	2,563	4,404
Administrative fees	<u>(941)</u>	<u>(891)</u>
Net investment income	<u>\$ 4,993</u>	<u>5,997</u>

NOTE 11 - 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.

NOTE 12 - 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 13 - 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.

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NOTE 14 - 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 matches the employee's contribution in an amount equal to 3% of the employee's contribution. For the years ended December 31, 2021 and 2020, employer contribution expense was \$46,910 and \$43,140, respectively, and is included in employee benefits on the accompanying statements of functional expenses.

NOTE 15 - 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, 2021 and 2020, the Organization had \$5,421,172 and \$2,713,907, respectively, 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, 2021, the Organization received funding from the U.S. Department of Treasury for use in its programs. Revenues from this donor represented approximately 60% of the Organization's total support and revenue for the year ended December 31, 2021. During the year ended December 31, 2020, the Organization received funding from the U.S. Department of Treasury and commodities from the U.S. Department of Agriculture for use in its programs. Revenue from these donors represented approximately 37% of the Organization's total support and revenue for the year ended December 31, 2020.

NOTE 16 - 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.

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NOTE 16 - RISKS AND UNCERTAINTIES - Continued

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.

NOTE 17 - PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization applied for and received a loan of \$351,300 under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the end of an eight- or 24-week loan forgiveness covered period. The loan was uncollateralized and was fully guaranteed by the federal government. The Organization applied for and received loan forgiveness in November 2020. Accordingly, upon being legally released from the loan obligation and related interest, during the year ended December 31, 2020, the Organization recorded loan forgiveness of principal and interest totaling \$353,476 in the accompanying 2020 statement of activities. No payments were made on this loan.

NOTE 18 - SUBSEQUENT EVENT

In August 2022, the Organization renewed the line of credit through July 2023.