

COMMUNITY SERVICES LEAGUE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

COMMUNITY SERVICES LEAGUE

December 31, 2017 and 2016

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David Emerick
Rick Hann

EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Services League
Independence, Missouri

We have audited the accompanying financial statements of Community Services League, (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 as of December 31, 2017 and 2016, 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.

Emerick & Company, P.C.

Kansas City, Missouri
May 22, 2018

**COMMUNITY SERVICES LEAGUE
STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2017	2016
Assets:		
Cash and cash equivalents	\$ 619,527	\$ 524,063
Cash and cash equivalents, restricted for Capital Campaign	14,804	62,365
Cash and cash equivalents, restricted for Centennial and Hwy 24 Campaign	952,518	465,098
Total Cash	<u>1,586,849</u>	<u>1,051,526</u>
Investments, unrestricted	13,316	11,776
Investments, restricted	16,169	14,274
Inventory	33,746	37,004
Contracts and accounts receivable	342,189	212,339
Prepaid expenses	49,745	34,218
Total Current Assets	<u>2,042,014</u>	<u>1,361,137</u>
Land	475,177	475,177
Buildings and improvements	2,902,524	2,827,655
Computers and software	105,008	105,008
Vehicles	50,002	50,002
Office furniture and equipment	133,646	133,646
Total Fixed Assets	<u>3,666,357</u>	<u>3,591,488</u>
Less accumulated depreciation	(806,863)	(695,474)
Net Fixed Assets	<u>2,859,494</u>	<u>2,896,014</u>
Total Noncurrent Assets	<u>2,859,494</u>	<u>2,896,014</u>
Total Assets	<u><u>\$ 4,901,508</u></u>	<u><u>\$ 4,257,151</u></u>
Liabilities:		
Accounts payable	\$ 68,465	\$ 88,281
Accrued expenses	65,936	34,288
Unearned income	-	17,472
Mortgage loan payable - current maturities	52,454	152,849
Total Current Liabilities	<u>186,855</u>	<u>292,890</u>
Mortgage loan payable	1,307,676	1,375,434
Total Long-Term Liabilities	<u>1,307,676</u>	<u>1,375,434</u>
Total Liabilities	<u>1,494,531</u>	<u>1,668,324</u>
Net Assets:		
Unrestricted	2,141,760	1,832,915
Temporarily restricted	1,265,217	755,912
Total Net Assets	<u>3,406,977</u>	<u>2,588,827</u>
Total Liabilities and Net Assets	<u><u>\$ 4,901,508</u></u>	<u><u>\$ 4,257,151</u></u>

See Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support:			
Contributions:			
Direct assistance programs	\$ 1,552,209	\$ -	\$ 1,552,209
Other contributions	363,337	-	363,337
In-kind, including donated space of \$12,600	1,386,413	-	1,386,413
Grants	381,062	41,659	422,721
United way	58,805	108,000	166,805
Government contracts	630,571	63,296	693,867
Total Support	<u>4,372,397</u>	<u>212,955</u>	<u>4,585,352</u>
Revenue:			
Special events	325,022	-	325,022
Rent income	14,080	-	14,080
Recycling	27,573	-	27,573
Other income	1,303	-	1,303
Interest and dividend income	3,582	-	3,582
Total Revenue	<u>371,560</u>	<u>-</u>	<u>371,560</u>
Total Support and Revenue	<u>4,743,957</u>	<u>212,955</u>	<u>4,956,912</u>
Net Assets Released From Restrictions			
Program expenditures	172,225	(172,225)	-
	<u>172,225</u>	<u>(172,225)</u>	<u>-</u>
Total Support, Revenue, and Net Assets Released From Restrictions	<u>4,916,182</u>	<u>40,730</u>	<u>4,956,912</u>
Operating Expenses:			
Program services:			
Income support	2,005,967	-	2,005,967
Housing counseling	1,286,196	-	1,286,196
Employment services	470,105	-	470,105
Financial coaching	132,551	-	132,551
Total Program Services	<u>3,894,819</u>	<u>-</u>	<u>3,894,819</u>
Supporting services:			
Management and general	212,987	-	212,987
Fundraising	585,100	-	585,100
Total Supporting Services	<u>798,087</u>	<u>-</u>	<u>798,087</u>
Total Operating Expenses	<u>4,692,906</u>	<u>-</u>	<u>4,692,906</u>
Change in Net Assets from Operations	223,276	40,730	264,006
Other Changes in Net Assets:			
Investment gain	2,300	-	2,300
Capital campaign - 24 Highway building	-	551,844	551,844
Net Assets Released From Restrictions			
Capital campaign - 24 Highway building	<u>83,269</u>	<u>(83,269)</u>	<u>-</u>
Change in Net Assets for Year	308,845	509,305	818,150
Net Assets, Beginning of Year	<u>1,832,915</u>	<u>755,912</u>	<u>2,588,827</u>
Net Assets, End of Year	<u>\$ 2,141,760</u>	<u>\$ 1,265,217</u>	<u>\$ 3,406,977</u>

See Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support:			
Contributions:			
Direct assistance programs	\$ 790,423	\$ -	\$ 790,423
Other contributions	343,973	-	343,973
In-kind, including donated space of \$12,600	1,460,307	-	1,460,307
Grants	332,561	74,016	406,577
United way	84,628	108,000	192,628
Government contracts	417,711	14,238	431,949
Total Support	<u>3,429,603</u>	<u>196,254</u>	<u>3,625,857</u>
Revenue:			
Special events	394,982	-	394,982
Recycling	57,176	-	57,176
Other income	18,536	-	18,536
Interest and dividend income	1,605	-	1,605
Total Revenue	<u>472,299</u>	<u>-</u>	<u>472,299</u>
Total Support and Revenue	<u>3,901,902</u>	<u>196,254</u>	<u>4,098,156</u>
Net Assets Released From Restrictions			
Program expenditures	180,291	(180,291)	-
	<u>180,291</u>	<u>(180,291)</u>	<u>-</u>
Total Support, Revenue, and Net Assets Released From Restrictions	<u>4,082,193</u>	<u>15,963</u>	<u>4,098,156</u>
Operating Expenses:			
Program services:			
Income support	1,950,488	-	1,950,488
Housing counseling	931,378	-	931,378
Employment services	316,243	-	316,243
Financial coaching	160,119	-	160,119
Total Program Services	<u>3,358,228</u>	<u>-</u>	<u>3,358,228</u>
Supporting services:			
Management and general	153,766	-	153,766
Fundraising	623,522	-	623,522
Total Supporting Services	<u>777,288</u>	<u>-</u>	<u>777,288</u>
Total Operating Expenses	<u>4,135,516</u>	<u>-</u>	<u>4,135,516</u>
Change in Net Assets from Operations	(53,323)	15,963	(37,360)
Other Changes in Net Assets:			
Investment gain	2,328	-	2,328
Net Assets Released From Restrictions			
Capital campaign - Noland Road building	58,805	(58,805)	-
Capital campaign - 24 Highway building	99,547	465,066	564,613
Change in Net Assets for Year	107,357	422,224	529,581
Net Assets, Beginning of Year	<u>1,725,558</u>	<u>333,688</u>	<u>2,059,246</u>
Net Assets, End of Year	<u>\$ 1,832,915</u>	<u>\$ 755,912</u>	<u>\$ 2,588,827</u>

See Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	Program Services					Supporting Services			Total Expenses
	Income Support	Housing Counseling	Employment Services	Financial Coaching	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 139,360	\$ 251,456	\$ 299,447	\$ 87,100	\$ 777,363	\$ 129,000	\$ 224,645	\$ 353,645	\$ 1,131,008
Payroll taxes	10,772	19,436	23,145	6,732	60,085	9,971	17,363	27,334	87,419
Employee benefits and expense	12,734	28,506	31,773	6,566	79,579	12,856	25,747	38,603	118,182
Total Personnel Costs	162,866	299,398	354,365	100,398	917,027	151,827	267,755	419,582	1,336,609
Direct assistance	412,236	880,728	1,216	-	1,294,180	-	-	-	1,294,180
In-kind assistance	1,373,852	-	-	-	1,373,852	-	-	-	1,373,852
Special events expense	-	-	-	-	-	-	125,182	125,182	125,182
Development expense	-	-	-	-	-	-	52,334	52,334	52,334
Occupancy	15,763	26,875	32,004	9,309	83,951	13,787	23,127	36,914	120,865
Technology support	10,791	19,470	23,187	6,744	60,192	9,989	17,394	27,383	87,575
Mortgage interest	6,932	12,508	14,895	4,332	38,667	6,417	11,174	17,591	56,258
Office expense	9,803	22,454	14,949	3,191	50,397	6,005	7,527	13,532	63,929
Professional fees	-	-	-	-	-	12,248	58,485	70,733	70,733
Total before depreciation	1,992,243	1,261,433	440,616	123,974	3,818,266	200,273	562,978	763,251	4,581,517
Depreciation	13,724	24,763	29,489	8,577	76,553	12,714	22,122	34,836	111,389
Total Expenses	\$ 2,005,967	\$ 1,286,196	\$ 470,105	\$ 132,551	\$ 3,894,819	\$ 212,987	\$ 585,100	\$ 798,087	\$ 4,692,906

See Notes to Financial Statements

**COMMUNITY SERVICES LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	Program Services					Supporting Services			Total
	Income Support	Housing Counseling	Employment Services	Financial Coaching	Total	Management and General	Fundraising	Total	Expenses
Salaries and wages	\$ 89,386	\$ 182,467	\$ 177,942	\$ 91,327	\$ 541,122	\$ 72,935	\$ 171,464	\$ 244,399	\$ 785,521
Payroll taxes	7,481	15,270	14,891	7,643	45,285	6,104	14,347	20,451	65,736
Employee benefits and expense	9,276	22,707	22,586	12,149	66,718	8,311	22,168	30,479	97,197
Total Personnel Costs	106,143	220,444	215,419	111,119	542,006	87,350	207,979	295,329	948,454
Direct assistance	348,679	612,883	5,350	-	966,912	-	-	-	966,912
In-kind assistance	1,447,707	-	-	-	1,447,707	-	-	-	1,447,707
Special events expense	-	-	-	-	-	-	161,546	161,546	161,546
Development expense	-	-	-	-	-	-	43,820	43,820	43,820
Occupancy	12,253	25,013	24,393	12,519	74,178	9,998	23,506	33,504	107,682
Technology support	10,926	22,304	21,751	11,164	66,145	8,915	20,959	29,874	96,019
Mortgage interest	7,120	14,534	14,174	7,274	43,102	5,810	13,658	19,468	62,570
Office expense	4,688	9,569	9,332	4,789	28,378	3,838	8,992	12,830	41,208
Bad debt expense	-	-	-	-	-	16,240	-	16,240	16,240
Professional fees	-	-	-	-	-	11,030	118,178	129,208	129,208
Total before depreciation	1,937,516	904,747	290,419	146,865	3,279,547	143,181	598,638	741,819	4,021,366
Depreciation	12,972	26,631	25,824	13,254	78,681	10,585	24,884	35,469	114,150
Total Expenses	\$ 1,950,488	\$ 931,378	\$ 316,243	\$ 160,119	\$ 3,358,228	\$ 153,766	\$ 623,522	\$ 777,288	\$ 4,135,516

See Notes to Financial Statements

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

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 818,150	\$ 529,581
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	111,389	114,150
Write off of uncollectible pledges	-	16,240
Collections on Capital Campaign -24 Highway building	(551,844)	(564,691)
Changes in unearned income	(17,472)	(51,121)
(Increase) decrease in contracts and accounts receivable	(129,820)	8,723
Increase (decrease) in accounts payables	(19,816)	30,390
(Increase) decrease inventory and prepaid expense	(12,269)	5,907
Increase (decrease) in accrued expenses	31,648	7,002
	<u>229,966</u>	<u>96,181</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Net (purchases) of investments	(4,347)	-
Net (purchases) dispositions of land, property, and equipment	<u>(73,987)</u>	<u>(70,001)</u>
	<u>(78,334)</u>	<u>(70,001)</u>
Net cash used by investing activities		
Cash flows from financing activities:		
Collections on Capital Campaign -24 Highway building	551,844	564,691
Net (payments) borrowings on mortgage payable	<u>(168,153)</u>	<u>(55,753)</u>
	<u>383,691</u>	<u>508,938</u>
Net cash provided by financing activities		
Increase in Cash	535,323	535,118
Cash and Cash Equivalents, Beginning of Year	<u>1,051,526</u>	<u>516,408</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,586,849</u></u>	<u><u>\$ 1,051,526</u></u>
Supplemental disclosure:		
Interest paid during the year	<u><u>\$ 56,258</u></u>	<u><u>\$ 62,570</u></u>

See Notes to Financial Statements

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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

Nature of Operations

Community Services League is a non-profit organization 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'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 Accounting

The Organization maintains an accrual basis accounting system in which revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organization, under generally accepted accounting principles, is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are those that are not subject to any donor-imposed stipulations. Temporarily restricted net assets are those subject to donor-imposed restrictions as to their use or to future periods. Temporarily restricted contributions that are received and expended in the same period are classified as unrestricted. Permanently restricted net assets are subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the organization. Generally, the donors permit the organization to use all or part of the income earned for either general or donor-specified purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ.

Fixed Assets

Equipment and furniture are recorded at cost and depreciated over the estimated useful life of the assets. The Organization has a \$5,000 capitalization policy. Depreciation is computed using straight-line method over the estimated useful life ranging from 5 to 40 years. Donations of property and equipment are recorded as contributions at their estimated fair value.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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

Income Tax Status and Positions

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has qualified for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Management has reviewed all sources of revenue and believes that none of the Organization's activities is subject to tax on unrelated income.

As a tax-exempt organization the Organization is required to file a Form 990, *Return for Organization Exempt from Income Tax*, each year with the Internal Revenue Service which assesses its continuing status as a tax-exempt organization. Management believes the Organization's operations have been conducted in accordance with its tax-exempt status, that the Organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Three years are open to audit by the IRS. No interest or penalties for tax are recorded in the financial statements.

Contracts and Accounts Receivable

Receivables are carried at their estimated collectible amounts. These amounts are all considered collectible since the majority of the balance is from governmental contracts and are contractually due within one year. Accordingly, no allowance for doubtful accounts has been recorded in the statements.

The Organization is the recipient of a multiyear grant from United Way. The amount of the grant for the succeeding year is recorded as a receivable and shown as temporarily restricted income.

Pledges Receivable

Unconditional promises to give, if any, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows.

At December 31, 2017, the Organization did not have any pledges receivable.

Functional Allocation of Expenses

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

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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

Inventory

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

Subsequent Events

Subsequent events have been evaluated through May 22, 2018, which is the date the financial statements were available to be issued.

Fundraising

In 2017 and 2016, Community Services League spent \$585,982 and \$623,522 on fundraising related expenses, respectively. With these amounts the Organization was able to raise \$5,508,756 in 2017 and \$4,662,769 in 2016. A total of 11% and 13% of revenues were spent on fundraising activities in 2017 and 2016, respectively.

NOTE 2: DONATED SPACE

The Organization operates in seven locations donated by outside organizations. In-kind donated rent is included as in-kind contributions and direct assistance expenses each year. The leases are on a month to month basis.

NOTE 3: CAPITAL CAMPAIGN

In 2014, Community Services League had a pre-campaign assessment conducted by a third party to determine its capacity to raise significant funds as part of the Organization's 100th anniversary in 2016. In 2017, Community Services League successfully completed the Centennial Campaign.

NOTE 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all checking and savings accounts, including those for the Capital Campaign, at area commercial banks. The balances, on occasion, exceed the FDIC insurance limits. Management's estimate is the possibility of loss is remote.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE 5: CONTRIBUTED SERVICES

The Organization receives a substantial amount of services donated by individual volunteers performing a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. During the years ended December 31, 2017 and 2016, approximately 27,100 hours were contributed by volunteers each year and are valued at the rate established by the Independent Sector of \$20.25 per hour for a value of \$549,180 for each of the years. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under generally accepted accounting principles.

NOTE 6: IN-KIND CONTRIBUTIONS

In-kind contributions are recorded as revenues at the time of distribution to the clients of the Organization. The items distributed consist principally of food, clothing and household items. An equal amount is recorded as expense at the time revenue is recorded so there is no effect on net assets. For the years ended 2017 and 2016, in-kind revenue and expense as shown in the Statement of Activities was \$1,386,413 and \$1,460,307, respectively, which includes donated space.

In addition, the Organization collected and distributed approximately \$500,000 of household goods to victims of the Oak Grove tornado. These are not recorded in the financial statements since they were a direct pass-through.

NOTE 7: MORTGAGE LOAN PAYABLE

On January 27, 2017, the Organization received a modification of its original loan for \$1,624,550 obtained on June 15, 2015 to finance the renovation of the central office and to purchase another building in 2015. Interest is 3.95% until July 2018 when it is increased to 4.25%. Monthly payments of principal and interest are \$9,050 with \$1,220,297 due December 2020. Future maturities are as follows:

2018	\$ 52,454
2019	52,626
2020	<u>1,255,050</u>
Total	<u>\$1,360,130</u>

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Building Improvements	\$ 933,641	\$ 527,432
Specific Programs	<u>331,576</u>	<u>228,480</u>
	<u>\$ 1,265,217</u>	<u>\$ 755,912</u>

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE 9: INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
Unrestricted:		
Emergency Assistance Funds	\$ 3,589	\$ 2,984
Non-Endowment Funds	3,373	2,995
Eastland Community Foundation	<u>6,354</u>	<u>5,797</u>
	<u>\$13,316</u>	<u>\$11,776</u>
Board Restricted:		
Endowment Fund	<u>\$16,169</u>	<u>\$14,274</u>

NOTE 10: FAIR VALUE MEASUREMENTS

The Organization has adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, pertaining to the valuation of certain assets and liabilities for the years ended December 31, 2017 and 2016. These provisions define fair value, establish a consistent framework for measuring fair value and expand the related disclosure requirements. They establish a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to fair value measurement. The hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The values shown in Note 9 are those reported by the Foundations. These are considered Level 2, based on the criteria above, since the values reported are determined by the underlying investments of the funds which are publicly traded securities or short-term interest-bearing cash accounts.

COMMUNITY SERVICES LEAGUE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE 11: COMMITMENTS

Subsequent to year end, the Organization finalized an agreement for construction management services for the renovation of the Highway 24 offices. The fee for the services is \$32,931 and the budget for the renovation is \$856,204.