

**CITIZENS LEAGUE**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

**CITIZENS LEAGUE  
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YEARS ENDED DECEMBER 31, 2009 AND 2008**

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# LarsonAllen<sup>®</sup> LLP

CPAs, Consultants & Advisors  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Citizens League  
St. Paul, Minnesota

We have audited the accompanying statements of financial position of Citizens League as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Citizens League's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2009 and 2008 financial statements referred to above present fairly, in all material respects, the financial position of Citizens League as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Minneapolis, Minnesota  
March 18, 2010



**CITIZENS LEAGUE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2009 AND 2008**

|   | 2009       | 2008       |
|---|------------|------------|
| <b>ASSETS</b>   |            |            |
| <b>CURRENT ASSETS</b>                                   |            |            |
| Cash and Cash Equivalents                               | \$ 196,739 | \$ 361,186 |
| Pledges Receivable, Net                                 | 69,070     | 142,500    |
| Other   | -          | 1,781      |
| Total Current Assets                                    | 265,809    | 505,467    |
| <b>LONG TERM PLEDGES RECEIVABLE</b>                     | 35,000     | -          |
| <b>WEBSITE AND EQUIPMENT</b>                            | 167,272    | 137,483    |
| Less: Accumulated Depreciation                          | 89,653     | 71,634     |
| Net Website and Equipment                               | 77,619     | 65,849     |
| Total Assets  | \$ 378,428 | \$ 571,316 |
| <b>LIABILITIES AND NET ASSETS</b>                       |            |            |
| <b>CURRENT LIABILITIES</b>                              |            |            |
| Accounts Payable and Other Accrued Expenses             | \$ 21,387  | \$ 54,261  |
| Fiscal Agent Payable                                    | 4,762      | -          |
| Deferred Revenue  | 23,500     | 20,000     |
| Line of Credits   | 99,301     | 108,352    |
| Current Portion of Capital Lease Obligation             | 4,958      | 4,448      |
| Total Current Liabilities                               | 153,908    | 187,061    |
| <b>Capital Lease Obligation, Net of Current Portion</b> | 17,138     | 21,717     |
| Total Liabilities                                       | 171,046    | 208,778    |
| <b>NET ASSETS</b>                                       |            |            |
| Unrestricted  | 454        | (147,281)  |
| Temporarily Restricted                                  | 206,928    | 509,819    |
| Total Net Assets  | 207,382    | 362,538    |
| Total Liabilities and Net Assets                        | \$ 378,428 | \$ 571,316 |

See accompanying Notes to Financial Statements.

**CITIZENS LEAGUE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

|  | 2009             |                           |                   |
|--|------------------|---------------------------|-------------------|
|  | Unrestricted     | Temporarily<br>Restricted | Total             |
| <b>SUPPORT AND REVENUE</b>                 |                  |                           |                   |
| Individual Contributions                   | \$ 197,927       | \$ -                      | \$ 197,927        |
| Corporate Contributions                    | 228,873          | 239,806                   | 468,679           |
| Foundation Contributions                   | 5,444            | 40,878                    | 46,322            |
| In-kind Contributions                      | 32,153           | -                         | 32,153            |
| Seminars, Breakfasts and Meetings          | 23,240           | -                         | 23,240            |
| Investment Income from St. Paul Foundation | 10,421           | -                         | 10,421            |
| Net Assets Released from Restrictions      | 583,575          | (583,575)                 | -                 |
| Total Support and Revenue                  | <u>1,081,633</u> | <u>(302,891)</u>          | <u>778,742</u>    |
| <b>EXPENSES</b>                            |                  |                           |                   |
| Program Services                           | 696,338          | -                         | 696,338           |
| Support Services:                          |                  |                           |                   |
| Management and General                     | 205,583          | -                         | 205,583           |
| Fundraising and Membership Development     | 31,977           | -                         | 31,977            |
| Total Support Services                     | <u>237,560</u>   | <u>-</u>                  | <u>237,560</u>    |
| Total Expenses                             | <u>933,898</u>   | <u>-</u>                  | <u>933,898</u>    |
| <b>CHANGE IN NET ASSETS</b>                | 147,735          | (302,891)                 | (155,156)         |
| Net Assets - Beginning of Year             | <u>(147,281)</u> | <u>509,819</u>            | <u>362,538</u>    |
| <b>NET ASSETS - END OF YEAR</b>            | <u>\$ 454</u>    | <u>\$ 206,928</u>         | <u>\$ 207,382</u> |

See accompanying Notes to Financial Statements.

| 2008                |                                   |                   |
|---------------------|-----------------------------------|-------------------|
| <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
| \$ 258,790          | \$ -                              | \$ 258,790        |
| 275,187             | 190,076                           | 465,263           |
| 170,250             | 205,500                           | 375,750           |
| 20,709              | -                                 | 20,709            |
| 36,758              | -                                 | 36,758            |
| 12,109              | -                                 | 12,109            |
| 313,203             | (313,203)                         | -                 |
| <u>1,087,006</u>    | <u>82,373</u>                     | <u>1,169,379</u>  |
| 767,466             | -                                 | 767,466           |
| 209,594             | -                                 | 209,594           |
| 87,512              | -                                 | 87,512            |
| <u>297,106</u>      | <u>-</u>                          | <u>297,106</u>    |
| <u>1,064,572</u>    | <u>-</u>                          | <u>1,064,572</u>  |
| 22,434              | 82,373                            | 104,807           |
| <u>(169,715)</u>    | <u>427,446</u>                    | <u>257,731</u>    |
| <u>\$ (147,281)</u> | <u>\$ 509,819</u>                 | <u>\$ 362,538</u> |

**CITIZENS LEAGUE  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

|                                       | 2009                |                              |                  |                   |
|---------------------------------------|---------------------|------------------------------|------------------|-------------------|
|                                       | Program<br>Services | Management<br>and<br>General | Fundraising      | Total             |
| Salaries                              | \$ 206,396          | \$ 60,717                    | \$ 17,527        | \$ 284,640        |
| Payroll Taxes and Benefits            | 37,811              | 17,605                       | 5,082            | 60,498            |
| Professional and Contracted Services  | 211,195             | 86,472                       | 1,257            | 298,924           |
| Occupancy and Equipment Rent          | 24,340              | 11,332                       | 3,271            | 38,943            |
| Telephone, Web and Technology Support | 34,944              | 1,839                        | -                | 36,783            |
| Postage                               | 5,008               | 4,062                        | -                | 9,070             |
| Supplies and Printing                 | 26,140              | 3,327                        | -                | 29,467            |
| Repairs and Maintenance               | -                   | 42                           | -                | 42                |
| Travel Expense                        | 12,037              | -                            | -                | 12,037            |
| Meetings                              | 92,104              | -                            | -                | 92,104            |
| MN Journal                            | 28,353              | -                            | -                | 28,353            |
| Memberships and Registration          | 6,413               | 1,603                        | -                | 8,016             |
| Miscellaneous                         | 335                 | 1,111                        | 3,327            | 4,773             |
| Interest                              | -                   | 12,229                       | -                | 12,229            |
| Depreciation                          | 11,262              | 5,244                        | 1,513            | 18,019            |
| <b>Total</b>                          | <b>\$ 696,338</b>   | <b>\$ 205,583</b>            | <b>\$ 31,977</b> | <b>\$ 933,898</b> |
| Percentage                            | 74.6%               | 22.0%                        | 3.4%             | 100.0%            |

See accompanying Notes to Financial Statements.

2008

| <u>Program<br/>Services</u> | <u>Management<br/>and<br/>General</u> | <u>Fundraising</u> | <u>Total</u>        |
|-----------------------------|---------------------------------------|--------------------|---------------------|
| \$ 235,788                  | 79,785                                | \$ 36,824          | \$ 352,397          |
| 57,041                      | 23,921                                | 11,040             | 92,002              |
| 275,662                     | 72,534                                | 26,298             | 374,494             |
| 29,509                      | 12,375                                | 5,711              | 47,595              |
| 23,326                      | 1,228                                 | -                  | 24,554              |
| 4,933                       | 3,595                                 | -                  | 8,528               |
| 27,718                      | 2,934                                 | -                  | 30,652              |
| 941                         | 394                                   | 182                | 1,517               |
| 6,820                       | -                                     | -                  | 6,820               |
| 70,459                      | -                                     | -                  | 70,459              |
| 21,556                      | -                                     | -                  | 21,556              |
| 5,914                       | 1,478                                 | -                  | 7,392               |
| -                           | 1,037                                 | 5,948              | 6,985               |
| -                           | 7,042                                 | -                  | 7,042               |
| 7,799                       | 3,271                                 | 1,509              | 12,579              |
| <u>\$ 767,466</u>           | <u>\$ 209,594</u>                     | <u>\$ 87,512</u>   | <u>\$ 1,064,572</u> |
| 72.1%                       | 19.7%                                 | 8.2%               | 100.0%              |

**CITIZENS LEAGUE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

|   | <u>2009</u>       | <u>2008</u>       |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>           |                   |                   |
| Change in Net Assets                                  | \$ (155,156)      | \$ 104,807        |
| Adjustments to Reconcile Change in Net Assets to      |                   |                   |
| Net Cash Provided (Used) by Operating Activities:     |                   |                   |
| Depreciation  | 18,019            | 12,579            |
| Non-Cash Gain Related to Termination of Capital Lease | -                 | (1,759)           |
| (Increase) Decrease in Current Assets:                |                   |                   |
| Pledges Receivable                                    | 38,430            | 59,849            |
| Other   | 1,781             | 1,036             |
| Increase (Decrease) in Current Liabilities:           |                   |                   |
| Accounts Payable                                      | (31,781)          | (2,979)           |
| Accrued Expenses                                      | 3,669             | -                 |
| Deferred Revenue                                      | 3,500             | (4,000)           |
| Net Cash Provided (Used) by Operating Activities      | <u>(121,538)</u>  | <u>169,533</u>    |
| <b>CASH FLOWS USED INVESTING ACTIVITIES</b>           |                   |                   |
| Website and Equipment Purchases                       | (29,789)          | (31,021)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |                   |                   |
| (Payment) Proceeds from Line of Credit                | (9,051)           | 79,764            |
| (Payment) Proceeds on Short-Term Note                 | -                 | (60,000)          |
| Principal Payments on Capital Lease Obligations       | <u>(4,069)</u>    | <u>(5,073)</u>    |
| Net Cash Provided (Used) by Financing Activities      | <u>(13,120)</u>   | <u>14,691</u>     |
| <b>NET INCREASE (DECREASE) IN CASH</b>                | (164,447)         | 153,203           |
| Cash and Cash Equivalents - Beginning of Year         | <u>361,186</u>    | <u>207,983</u>    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>        | <u>\$ 196,739</u> | <u>\$ 361,186</u> |
| <b>SUPPLEMENTAL INFORMATION</b>                       |                   |                   |
| Equipment Purchased with Capital Lease                | <u>\$ -</u>       | <u>\$ 27,083</u>  |

See accompanying Notes to Financial Statements.

**CITIZENS LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Citizens League was founded in 1952 as an independent, non-partisan organization for purpose of effecting change in Minnesota public policy. Citizens League frames issues and links citizen involvement to positive policy change. The League's activities affect public finance, regional government, education, transportation, and health care. Citizens League is supported primarily by individual membership dues and contributions from individuals, corporations and foundations.

**Financial Statement Presentation**

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

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily Restricted - Net assets subject to donor-imposed restrictions that will be met either by actions of Citizens League and/or the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that are to be maintained permanently by Citizens League.

As of December 31, 2009 and 2008, the Organization had only unrestricted and temporarily restricted net assets.

**Cash and Cash Equivalents**

The Organization maintains its cash in bank deposit accounts and money market accounts, which at times may exceed federally insured limits.

**Pledges Receivable**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional pledges are not included as support until such time as the conditions are substantially met. As of December 31, 2009 and 2008, an allowance was not warranted.

**CITIZENS LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges Receivable (Continued)**

During the period ended December 31, 2006, the Organization received a challenge grant of up to \$30,000, which was contingent upon the Organization raising matching funds of new or increased sources of support from 2006 through 2008. Revenues for the challenge grant will be recognized as revenue in the year in which the required matching funds are collected. During the period ended December 31, 2006, \$15,000 was recognized as income on this challenge grant. During the year ended December 31, 2008, the remaining \$15,000 was recognized as income on this challenge grant. As of December 31, 2008, no portion of this challenge grant remains unrecognized, as the conditions of the grant were substantially met at year-end.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in the temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization also receives membership contributions from their members that are recognized as unrestricted contributions. In exchange for a members' contribution to the Organization, they receive an annual subscription to the MN Journal. The contribution associated with this portion of the transaction is deferred and recognized evenly over the term of the membership period (1 year). The remaining amount received is recorded as unrestricted revenue when received. At December 31, 2009 and 2008, deferred revenue associated with future benefits to be received by members totaled \$23,500 and \$20,000, respectively.

**Fiscal Agent Activity**

The Organization entered into a fiscal agent agreement in 2009 with a small public policy organization. During the year ended December 31, 2009, the Organization received contributions solicited by the sponsoree and paid expenses from contributions collected on behalf and under the directive of the sponsoree. The contributions and related expenses are not recorded in the statement of activities. As of December 31, 2009, the Organization held \$4,762 in funds remaining from this fiscal sponsorship agreement.

**CITIZENS LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Materials and Services**

In-kind contributions are recognized as support in the financial statements at estimated values on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) specialized skills are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements.

**Website and Equipment**

Equipment, which consists of office equipment and furniture, is recorded at cost and is depreciated over its estimated useful life of five to seven years using the straight-line method of depreciation. The website is recorded at cost and is depreciated over its estimated useful life of three years, using the straight-line method of depreciation.

**Functional Expenses**

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**Tax status**

Citizens League is a qualified tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and similar state provisions and is therefore exempt from federal and state income taxes. Effective January 1, 2009, the Organization has adopted guidance regarding the recognition of uncertain tax positions. This guidance prescribes a recognition threshold for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this guidance had no impact on the Organization's financial statements. The Organization's tax returns are subject to review and examination by federal authorities. The tax returns for the years 2006 through 2008 are open to examination by federal authorities.

**Use of Estimates**

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

In preparing these financial statements, the Citizens League has evaluated events and transactions for potential recognition or disclosure through March 18, 2010, the date the financial statements were available to be issued.

**CITIZENS LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain amounts for the year ended December 31, 2008, have been reclassified to conform with the presentation of the December 31, 2009 amounts. The reclassifications have no effect on changes in net assets or net assets for the year ended December 31, 2008.

**NOTE 2 PLEDGES RECEIVABLE**

Unconditional promises to give are included in the financial statements as pledges receivable and contributions in the appropriate net asset category. At December 31, 2009 and 2008, pledges receivable consisted of the following:

|                                      | 2009       | 2008       |
|--------------------------------------|------------|------------|
| Pledges Due Within One Year          | \$ 69,070  | \$ 142,500 |
| Pledges Due Within One to Five Years | 35,000     | -          |
| Total Pledges                        | \$ 104,070 | \$ 142,500 |

**NOTE 3 WEBSITE AND EQUIPMENT**

Website and equipment consisted of the following assets at December 31, 2009 and 2008:

|                          | 2009      | 2008      |
|--------------------------|-----------|-----------|
| Website                  | \$ 70,686 | \$ 40,897 |
| Furniture                | 57,543    | 57,543    |
| Equipment                | 39,043    | 39,043    |
| Total                    | 167,272   | 137,483   |
| Accumulated Depreciation | (89,653)  | (71,634)  |
|                          | \$ 77,619 | \$ 65,849 |

**CITIZENS LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 4 NET ASSETS**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at December 31:

|                             | <u>2009</u>       | <u>2008</u>       |
|-----------------------------|-------------------|-------------------|
| Aging Services              | \$ 26,075         | \$ 58,129         |
| Anniversary Project/MAP 150 | -                 | 41,021            |
| Capacity Building           | 10,001            | 150,000           |
| Civic Leadership            | -                 | 20,000            |
| Innovations Series          | 20,812            | 35,000            |
| Intergenerational           | 4,866             | 12,000            |
| Poverty Project             | -                 | 88,133            |
| Regional Policy Development | 17,533            | 75,000            |
| Water Policy                | 20,000            | -                 |
| Youth Engagement Program    | 101,191           | 23,334            |
| Other                       | 6,450             | 7,202             |
| Total                       | <u>\$ 206,928</u> | <u>\$ 509,819</u> |

**Net Assets Released**

Net assets were released from restriction when purpose restrictions were met or through the passage of time, during the years ended December 31, 2009 and 2008:

|                             | <u>2009</u>       | <u>2008</u>       |
|-----------------------------|-------------------|-------------------|
| Aging Services              | \$ 49,555         | \$ 1,221          |
| Anniversary Project/MAP 150 | 79,573            | 90,677            |
| Capacity Building           | 150,000           | -                 |
| Civic Leadership            | 105,400           | 50,000            |
| Ecumen/LTC Project          | -                 | 21,000            |
| Immigration                 | -                 | 14,372            |
| Innovations Series          | 24,188            | -                 |
| Intergenerational           | 7,134             | -                 |
| Mental Health               | -                 | 12,364            |
| Poverty Project             | 111,133           | 6,867             |
| Regional Policy Development | 7,467             | 58,000            |
| Youth Engagement Program    | 49,021            | 35,000            |
| Other                       | 104               | 8,702             |
| Time                        | -                 | 15,000            |
| Total                       | <u>\$ 583,575</u> | <u>\$ 313,203</u> |

**CITIZENS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 5 LINE OF CREDITS**

The Citizens League has a \$35,000 unsecured ready reserve line of credit. The interest rate on this line is at prime plus 3.5% (6.75% at December 31, 2009). As of December 31, 2009 and 2008, the balance outstanding was \$25,786 and \$34,837, respectively. The line does not have a maturity date, and calls for an automatic renewal if not cancelled by either party.

In 2008, the Organization entered into another \$100,000 line of credit. At December 31, 2009, the balance outstanding was \$73,515. The line matures May 31, 2010. Interest on this loan is fixed at 9%, and is secured by all business assets.

**NOTE 6 CAPITAL LEASES**

The Organization had two leases that expired and entered into one new equipment lease agreement in 2008. The lease requires monthly payments of \$590. The lease expires in September of 2013. The following summarizes the assets covered under these leases at December 31:

|                          | <u>2009</u>      | <u>2008</u>      |
|--------------------------|------------------|------------------|
| Equipment                | \$ 27,083        | \$ 27,083        |
| Accumulated Depreciation | (7,674)          | (2,257)          |
| Net Book Value           | <u>\$ 19,409</u> | <u>\$ 24,826</u> |

The future minimum lease principal payments for the lease are as follows:

| <u>Year Ending December 31,</u>                 | <u>Amount</u>    |
|---|------------------|
| 2010  | \$ 7,080         |
| 2011  | 7,080            |
| 2012  | 7,080            |
| 2013  | 5,310            |
| Total   | <u>26,550</u>    |
| Less: Interest Portion                          | (4,454)          |
| Less: Current Maturity of Capital Lease Payable | (4,958)          |
| Total Long-Term Capital Lease Payable           | <u>\$ 17,138</u> |

**NOTE 7 IN-KIND CONTRIBUTIONS**

The value of in-kind contributions at estimated fair value at the date of donation for the years ended December 31, 2009 and 2008 were \$32,153 and \$20,709 respectively, and was from donated professional fees.

In-kind expenses of \$32,153 and \$20,709 were recorded in management and general category as professional fees for the years ended December 31, 2009 and 2008.

**CITIZENS LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 8 OPERATING LEASE**

Citizens League leases office space through June 2011 under a noncancelable operating lease agreement. The office lease provides for base rent and a proportionate share of building operating expenses. Lease expense for the years ended December 31, 2009 and 2008 was approximately \$40,112 and \$39,414, respectively. Future minimum payments under all leases are as follows:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2010        | \$ 40,112        |
| 2011        | 20,056           |
| Total       | <u>\$ 60,168</u> |

In February and August 2009, Citizen's League entered into two sublease agreements to rent a portion of its space to other organizations. The agreements run on month-to-month basis and Citizen's League receives \$1,356 per month. In 2009 total payments received were \$10,398.

**NOTE 9 RETIREMENT BENEFITS**

The Organization sponsors a Simple IRA savings plan for its employees. Employees who are reasonably expected to earn at least \$5,000 in annual compensation for a given year can defer compensation under the plan. The Organization matches contributions equal to 100% of employees' contributions not to exceed 3% of total compensation. Matching contributions to the plan were \$4,268 and \$7,523 during the years ended December 31, 2009 and 2008, respectively.

**NOTE 10 FUNDS HELD BY OTHERS**

Citizens League is a beneficiary of a designated fund at The Saint Paul Foundation (the Fund). Pursuant to the terms of the agreement establishing the Fund, property contributed to The Saint Paul Foundation is held as a separate account designated for the benefit of Citizens League. In accordance with its spending policy, the Fund makes semi-annual distributions to the Citizens League (approximately 5% of the market value of the Fund per year). The investments held in the designated fund are not included in these financial statements because the original contribution to the Fund was from an external donor and Citizens League granted variance power to the Fund.

The market value of the Fund's assets was approximately \$157,000 and \$190,000 at December 31, 2009 and 2008, respectively.

**CITIZENS LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 11 MAJOR SOURCE AND CONCENTRATION OF SUPPORT**

As of December 31, 2009 67% of the Organization's receivables was from one contributor and 14% of the Organization's annual revenue was from one source. As of December 31, 2008 88% of the Organization's receivables were from two contributors and 13% of the Organization's total support and revenue was from one source. If these receivables are not received, or if a significant reduction in the level of this support were to occur, it might have a significant effect on the Organization's programs and activities.

**NOTE 12 COMMITMENTS TO PROVIDE SERVICES**

Effective December 21, 2009, Citizen's League entered into a contract for services with the Department of Natural Resources. Funds will be earned and received up to \$75,000 as the contract is completed or February 28, 2011, whichever occurs first. No income had been received or earned as of December, 31, 2009.