

COSERV CHARITABLE FOUNDATION

CORINTH, TEXAS

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**COSERV CHARITABLE FOUNDATION
CORINTH, TEXAS**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CoServ Charitable Foundation
Corinth, Texas

We have audited the statements of financial position of CoServ Charitable Foundation as of December 31, 2009 and 2008, and the related statements of activities and change in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation'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 audits 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 financial statements referred to above present fairly, in all material respects, the financial position of CoServ Charitable Foundation as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

April 12, 2010

COSERV CHARITABLE FOUNDATION

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

ASSETS

	December 31,	
	<u>2009</u>	<u>2008</u>
Cash - General	\$ <u>358,817</u>	\$ <u>243,003</u>
Other Current and Accrued Assets	\$ <u>-</u>	\$ <u>700</u>
Total Assets	\$ <u><u>358,817</u></u>	\$ <u><u>243,703</u></u>

LIABILITIES AND NET ASSETS

Liabilities	\$ <u>590</u>	\$ <u>-</u>
Unrestricted Net Assets	\$ <u>358,227</u>	\$ <u>243,703</u>
Total Liabilities and Net Assets	\$ <u><u>358,817</u></u>	\$ <u><u>243,703</u></u>

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

COSERV CHARITABLE FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	December 31,	
	<u>2009</u>	<u>2008</u>
SUPPORT AND REVENUE		
Contributions - Operation Roundup	\$ 611,551	\$ 573,226
Contributions - Golf Fundraiser	35,405	36,235
Contributions - Other	28,907	15,009
Total Support and Revenue	<u>\$ 675,863</u>	<u>\$ 624,470</u>
EXPENSE		
Grant Expense	\$ 553,019	\$ 565,978
Golf Fundraising Expenses	8,320	8,613
Total Expense	<u>\$ 561,339</u>	<u>\$ 574,591</u>
Increase in Net Assets	\$ 114,524	\$ 49,879
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>243,703</u>	<u>193,824</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 358,227</u>	<u>\$ 243,703</u>

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

COSERV CHARITABLE FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	December 31,	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 114,524	\$ 49,879
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Other Current and Accrued Assets	700	500
Change in Other Current and Accrued Liabilities	590	-
Net Cash Provided in Operating Activities	<u>\$ 115,814</u>	<u>\$ 50,379</u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 115,814	\$ 50,379
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>243,003</u>	<u>192,624</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 358,817</u>	<u>\$ 243,003</u>
 SUPPLEMENTAL DISCLOSURES FOR CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Income Taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ -</u>	<u>\$ -</u>

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

**COSERV CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

Nature of Activities

The purpose of CoServ Charitable Foundation (the Foundation) is the accumulation and disbursement of funds for charitable purposes primarily in, but not limited to, the service area of Denton County Electric Cooperative, Inc., d/b/a CoServ Electric (the Cooperative). Upon dissolution of the Foundation, any remaining funds shall be distributed for charitable purposes.

The Foundation is a non-profit organization. Exemption from federal income taxes under Internal Revenue Code 501(c)(3) has been obtained.

Basis of Accounting

The Foundation uses the accrual method of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Financial Statement Presentation

Financial statement presentation follows the requirements of generally accepted accounting principles, which requires the Foundation 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. All net assets of the Foundation are classified as unrestricted.

Contributions

The Foundation also follows generally accepted accounting principles that require the recognition of contributions when they are pledged.

Cash and Cash Equivalents

For purpose of the statement of cash flows, cash and cash equivalents include cash and temporary cash investments.

2. Contributions

The major source of contributions is from a program established by the Board of Directors of the Cooperative which allows participating member/customers of the Cooperative to round up their electric bills to the next highest dollar; the funds generated by this participation are donated to the Foundation. These funds are to be used for charitable purposes solely in the service area of the Cooperative, which is primarily a six county area including and surrounding Denton County, Texas.

3. Subsequent Events

The Foundation has evaluated subsequent events through April 12, 2010, the date which the financial statements were available to be issued.