Catholic Relief Services –
United States Conference of Catholic Bishops

Financial Statement Report
September 30, 2009

McGladrey & Pullen
Certified Public Accountants

Contents

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Catholic Relief Services –
United States Conference of Catholic Bishops
Baltimore, Maryland

We have audited the accompanying statement of financial position of Catholic Relief Services – United States Conference of Catholic Bishops (CRS) as of September 30, 2009, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of CRS' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CRS' 2008 financial statements and, in our report dated March 26, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of Catholic Relief Services – United States Conference of Catholic Bishops as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2010 on our consideration of CRS' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McGladrey & Pullen, LLP

Timonium, Maryland
March 30, 2010

Catholic Relief Services –
United States Conference Of Catholic Bishops

Statements Of Financial Position
September 30, 2009 And 2008
(In Thousands)

Assets		2009		2008
Cash and cash equivalents	$	73,327	$	97,079
Accounts receivable and other assets		56,019		48,594
Investments		102,341		91,782
Segregated investments		46,842		42,508
Undistributed commodity contributions		26,375		49,947
Land, building and equipment, net		50,308		49,948
Total assets	$	355,212	$	379,858

Liabilities And Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	87,323	$	72,701
Advances received for programs		62,173		50,051
Deferred revenue - commodities		26,375		49,947
Annuities payable		37,354		38,250
Long-term debt		52,784		50,661
Total liabilities		266,009		261,610
Net Assets				
Unrestricted		40,776		47,004
Temporarily restricted		42,723		66,479
Permanently restricted		5,704		4,765
Total net assets		89,203		118,248
Total liabilities and net assets	$	355,212	$	379,858

See Notes To Financial Statements.

Catholic Relief Services –
United States Conference Of Catholic Bishops

Statement Of Activities
Year Ended September 30, 2009
(With Comparative Totals For The Year Ended September 30, 2008)
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008
Operating revenue:					
Private support and revenue:					
Catholic Relief Services collection	$ 10,815	$ -	$ -	$ 10,815	$ 12,514
Operation Rice Bowl appeal	-	6,299	-	6,299	7,346
Private contributions	70,784	21,393	-	92,177	117,555
Foundation and corporate grant revenue	27,443	-	-	27,443	13,821
Bequests	15,809	-	-	15,809	17,707
Private in-kind gifts	3,494	7	-	3,501	1,969
Total private support and revenue	128,345	27,699	-	156,044	170,912
Public support and revenue:					
Donated agricultural, other commodities and ocean freight	252,989	-	-	252,989	121,932
United States government grants and agreements	287,050	-	-	287,050	257,981
Other public grants and contributions	69,614	1,634	-	71,248	45,261
Public in-kind gifts	2,836	-	-	2,836	2,921
Total public support and revenue	612,489	1,634	-	614,123	428,095
Investment and other income	9,969	458	-	10,427	12,242
Net assets released from restrictions	53,117	(52,958)	(159)	-	-
Total operating revenue	803,920	(23,167)	(159)	780,594	611,249
Operating expenses:					
Program services	767,639	-	-	767,639	596,540
Supporting services:					
Management and general	16,323	-	-	16,323	17,666
Public awareness	4,220	-	-	4,220	5,123
Fundraising	18,029	-	-	18,029	19,760
Total supporting services	38,572	-	-	38,572	42,549
Total operating expenses	806,211	-	-	806,211	639,089
Change in net assets from operations	(2,291)	(23,167)	(159)	(25,617)	(27,840)
Non-operating revenue and expense:					
Endowments	-	-	1,082	1,082	251
Net change in annuities, trusts and pooled income fund	1,267	249	(74)	1,442	1,361
Realized and unrealized loss on investments and financial instruments	(1,432)	(838)	-	(2,270)	(26,104)
Gain on sale of building	-	-	-	-	3,852
Reclassification of endowment balances per implementation of UPMIFA	(90)	-	90	-	-
Defined benefit plan adjustment	(3,682)	-	-	(3,682)	1,749
Total non-operating revenue and expenses, net	(3,937)	(589)	1,098	(3,428)	(18,891)
Change in net assets	(6,228)	(23,756)	939	(29,045)	(46,731)
Net assets, beginning of year	47,004	66,479	4,765	118,248	164,979
Net assets, end of year	$ 40,776	$ 42,723	$ 5,704	$ 89,203	$ 118,248

See Notes To Financial Statements.

Catholic Relief Services –
United States Conference Of Catholic Bishops

Statements Of Cash Flows
Years Ended September 30, 2009 And 2008
(In Thousands)

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	$ (29,045)	$ (46,731)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	7,407	7,210
Gain on disposal of land, building and equipment	(85)	(3,432)
Realized loss on sales of investments	3,025	7,954
Unrealized (gain) loss on investments and financial instruments	(755)	18,150
Contributions restricted for long-term investment	(1,082)	(251)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable and other assets	(7,425)	(7,436)
Undistributed commodity contributions	23,572	(28,256)
Increase (decrease) in:		
Accounts payable and accrued expenses	14,622	(890)
Advances received for programs	12,122	20,620
Deferred revenue - commodities	(23,572)	28,256
Net cash used in operating activities	(1,216)	(4,806)
Cash Flows From Investing Activities		
Proceeds from sale of land, building and equipment	528	7,169
Purchase of land, building and equipment	(8,209)	(9,529)
Proceeds from sales and maturities of investments	120,401	232,559
Purchase of investments	(137,565)	(209,866)
Change in construction trust assets	-	2,740
Net cash (used in) provided by investing activities	(24,845)	23,073
Cash Flows From Financing Activities		
Proceeds from long-term debt	2,707	11,731
Principal payments on long-term debt	(584)	(1,161)
(Decrease) increase in annuities payable, net	(896)	1,871
Receipts restricted for long-term investment	1,082	251
Net cash provided by financing activities	2,309	12,692
Net (decrease) increase in cash and cash equivalents	(23,752)	30,959
Cash And Cash Equivalents		
Beginning of year	97,079	66,120
End of year	$ 73,327	$ 97,079
Supplemental Disclosure Of Cash Flow Information		
Cash payments for interest	$ 3,370	$ 2,873

See Notes To Financial Statements.

Catholic Relief Services –
United States Conference Of Catholic Bishops

Statement Of Functional Expenses
Year Ended September 30, 2009
(With Comparative Totals For The Year Ended September 30, 2008)
(In Thousands)

				Small		HIV And	Peace		Program Services	
Description	Agriculture	Education	Emergency	Enterprise	Health	AIDS	And Justice	Welfare	2009	2008
Program services:										
Salaries and related benefits	$ 22,855	$ 10,716	$ 28,272	$ 2,351	$ 13,074	$ 26,924	$ 7,136	$ 4,826	$ 116,154	$ 122,403
Contracting and professional fees	3,988	750	9,174	251	1,297	1,658	547	174	17,839	22,214
Telecommunications and postage	889	414	928	57	1,069	835	139	138	4,469	4,526
Supplies, office expenses and other	3,222	1,160	3,463	439	2,907	6,463	1,106	1,838	20,598	10,130
Occupancy	2,052	1,293	2,393	200	957	2,078	919	560	10,452	10,887
Vehicle and equipment	3,475	948	2,960	358	2,178	3,838	858	464	15,079	13,731
Travel, training and representation	4,617	1,983	4,101	586	2,804	8,615	1,520	393	24,619	27,753
Warehousing and freight	12,938	10,722	29,073	730	16,702	440	77	7,105	77,787	38,463
Publicity	15	6	1	1	3	-	-	-	26	24
Advances to implementing partners	41,711	10,955	48,829	3,275	35,379	114,729	10,787	5,957	271,622	226,128
Food, other commodities and in-kind contributions	13,851	12,439	119,375	443	11,413	33,044	73	12,586	203,224	114,663
Depreciation	358	351	114	14	236	2,732	310	1,655	5,770	5,618
Total expenses	$ 109,971	$ 51,737	$ 248,683	$ 8,705	$ 88,019	$ 201,356	$ 23,472	$ 35,696	$ 767,639	$ 596,540

(Continued)

Catholic Relief Services –
United States Conference Of Catholic Bishops

Statement Of Functional Expenses (Continued)
Year Ended September 30, 2009
(With Comparative Totals For The Year Ended September 30, 2008)
(In Thousands)

	Management And General	Public Awareness	Fundraising	Total Supporting Services 2009	Total Supporting Services 2008	Total Operating Expenses 2009	Total Operating Expenses 2008
Supporting services:							
Salaries and related benefits	$ 10,437	$ 2,400	$ 6,494	$ 19,331	$ 21,762	$ 135,485	$ 144,165
Contracting and professional fees	1,417	327	2,852	4,596	5,693	22,435	27,907
Telecommunications and postage	900	12	3,386	4,298	4,009	8,767	8,535
Supplies, office expenses and other	418	62	3,976	4,456	4,662	25,054	14,792
Occupancy	426	243	549	1,218	1,134	11,670	12,021
Vehicle and equipment	223	23	50	296	191	15,375	13,922
Travel, training and representation	825	93	425	1,343	2,056	25,962	29,809
Warehousing and freight	43	1	14	58	16	77,845	38,479
Publicity	5	1,027	48	1,080	1,427	1,106	1,451
Advances to implementing partners	1	26	230	257	7	271,879	226,135
Food, other commodities and in-kind contributions	-	-	-	-	-	203,224	114,663
Depreciation	1,628	6	5	1,639	1,592	7,409	7,210
Total expenses	$ 16,323	$ 4,220	$ 18,029	$ 38,572	$ 42,549	$ 806,211	$ 639,089

See Notes To Financial Statements.

Note 1. Organization And Operations

Nature of activities: Catholic Relief Services – United States Conference of Catholic Bishops (CRS) was founded in 1943 and is the international humanitarian aid and development agency of the United States Conference of Catholic Bishops (USCCB). CRS is governed by a board composed of 12 U.S. Bishops elected from the USCCB, the General Secretary of the Conference, and two religious and seven lay members. Headquartered in Baltimore, Maryland, CRS provides services in approximately 100 countries through approximately 73 offices around the world.

CRS is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is an organization listed in the 2009 edition of the Official Catholic Directory.

CRS has a wholly owned subsidiary, Catholic Relief Services Foundation, Inc. (Foundation) which conducts certain fundraising activities on behalf of CRS. The Chairman and President of CRS serve, along with other elected individuals, as members of the board of the Foundation. CRS has an 87.8% interest in Thaneakea Phum (Cambodia) Ltd., (TPC), a microfinance operation in Cambodia. The minority interest is held by employees in a stock ownership plan. The Chief Financial Officer of CRS is a member of the board of directors of TPC.

Mission statement: Catholic Relief Services carries out the commitment of the Bishops of the United States to assist the poor and vulnerable overseas. We are motivated by the Gospel of Jesus Christ to cherish, preserve and uphold the sacredness and dignity of all human life, foster charity and justice, and embody Catholic social and moral teaching as we act to:

- Promote human development by responding to major emergencies, fighting disease and poverty, and nurturing peaceful and just societies; and,
- Serve Catholics in the United States as they live their faith in solidarity with their brothers and sisters around the world.

As part of the universal mission of the Catholic Church, we work with local, national and international Catholic institutions and structures, as well as other organizations, to assist people on the basis of need, not creed, race or nationality.

Program services: The program categories that CRS uses to classify its program service operating expenses include:

Agriculture – programs covering a wide range of agricultural and natural resource activities, including crop, tree and livestock production, soil and water conservation, irrigation, weed, disease and pest control, crop processing and storage, crop and livestock marketing, etc.

Education – programs intended to improve access to and delivery of basic literacy, numerary and other life skills through both formal and non-formal education systems, and to enhance educational achievement.

Emergency – programs seeking to prevent loss of life, minimize suffering, reduce property damage, speed recovery, reduce vulnerability, and otherwise better cope with natural or man-made disasters, while fostering a culture of peace, dignity and respect.

Small enterprise – programs to develop lending and savings services for the self-employed poor who have no access to capital in the formal financial markets.

Health – programs targeted toward problem recognition, evaluation, and intervention in the prevention of somatic illness, disease and death among populations living in poverty.

Note 1. Organization And Operations (Continued)

HIV and AIDS – programs that assist the poor and vulnerable through care and support, awareness and prevention, treatment of opportunistic infections, and provision of anti-retroviral drugs, prolonging the lives of many, and enabling all participants to live in dignity.

Peace and justice – programs to prevent, mitigate, or resolve conflict and promote responsibility and right relationships between parties at the individual, community, regional or national levels, including focus upon the strengthening of the institutions of civil society.

Welfare – programs to respond to the urgent and unmet needs of the poorest of society, including the provision of food and complementary assistance, enabling participants to reach their full human potential.

Note 2. Summary Of Significant Accounting Policies

Presentation: The financial statements include the results of CRS' worldwide operations. The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Revenue and expenses related to annuities and other planned giving contributions, realized and unrealized gains and losses on investments and permanently restricted contributions are classified as nonoperating activities.

The financial statements include certain prior year summarized comparative totals as of and for the year ended September 30, 2008. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2008, from which the summarized information was derived.

Designation of support and revenue: Revenue from the U.S. or foreign governments and from international organizations such as the United Nations, The Global Fund and The World Bank, is classified under public support and revenue. Revenue from individuals, parishes and dioceses, as well as non-governmental organizations, foundations and corporations is classified under private support and revenue.

Classification of net assets: Net assets, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CRS and changes therein are classified and recorded as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets whose use has been limited by donors to a specific time period and/or purpose. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – The principal amounts of gifts which are required by donors to be permanently retained.

Note 2. Summary Of Significant Accounting Policies (Continued)

Cash and cash equivalents: Cash includes demand and time deposits. Cash equivalents include highly liquid investments having a maturity date of three months or less at the date of purchase.

Accounts receivable and other assets: Accounts receivable and other assets consist of trade receivables, micro-finance loans and charitable trusts. Interest is charged for micro-finance loans at various rates determined by management, based on prevailing local country economic conditions. Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, considering the debtor's financial condition and current economic conditions, and by using historical experience applied to an aging of the trade receivables. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Trade and micro-finance receivables are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is accrued on microfinance receivables until the receivables are deemed uncollectible.

Charitable trusts represent the fair value, using present value calculations, of CRS' interest in the donor's trust accounts and life insurance policies. These trusts are created by donors independently of CRS and are neither in the possession nor under the control of CRS. The trusts are administered by outside fiscal agents as designated by the donor. CRS records the fair value, using present value calculations of the trusts discounted at a rate of 6% for 2009 and 2008. The trusts are recognized as revenue when CRS is notified that it has been named as an irrevocable beneficiary.

Investments: Investments and segregated investments are carried at fair value. Investments received as contributions are recorded at fair value on the date of receipt. Investment income is recognized when earned.

Land, building and equipment: Land, building and equipment are capitalized and depreciated on a straight-line basis over the estimated useful lives of the respective assets, which are 10 to 40 years for building and improvements, and 3 to 10 years for furniture, vehicles and equipment.

Advances received for programs: Funds received on exchange transactions (grants) are recorded as advance obligations to the funding entity until they are spent per the program agreement, at which time they are recognized as revenue.

Annuities payable: Annuities payable represent the actuarial present value of amounts due under annuity agreements paid over various periods, generally the life of the donor. Present value is calculated using the Annuity 2000 Mortality table with no adjustments, assuming a 6% interest rate, compounded annually, and no provision for a surplus or contingency reserve.

Fair value of financial instruments: The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

> Cash, cash equivalents, short-term investments, trade receivables, accounts payable, advances received for programs and deferred revenue – These assets and liabilities have carrying amounts that approximate fair value because of the short maturity of these instruments.
>
> Investments and charitable trusts – The fair value of investments and charitable trusts is estimated based on quoted market prices and dealer quotes, and present value calculations for those or similar investments.

Note 2. Summary Of Significant Accounting Policies (Continued)

Undistributed commodity contributions – The fair value of undistributed commodity contributions is based on quoted market prices.

Annuities payable – Annuities payable are estimated using the actuarial present value of amounts due under annuity agreements paid over various periods, generally the life of the donor.

Interest rate swap agreements: CRS uses interest rate swap contracts principally to manage the risk that changes in interest rates have on its floating rate long-term debt. The following is a summary of CRS' risk management strategy and the effect of this strategy on the financial statements.

Interest rate swap contracts are used to adjust a portion of total debt that is subject to variable interest rates. Under the interest rate swap contract, CRS agrees to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable rate of interest times the same notional principal amount. No other cash payments are made unless the contract is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

CRS' interest rate swap contracts are considered to be a hedge against changes in the amount of future cash flows associated with CRS' interest payments under variable rate debt obligations. Accordingly, the interest rate swap contracts are reflected at fair value in CRS' statement of financial position and the related gain or loss on these contracts is recognized in the statement of activities.

The effect of this accounting on CRS' operating results is that interest expense on the portion of variable rate debt being hedged is generally recorded based on fixed interest rates.

The fair value of interest rate swaps is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counter parties.

Valuation of long-lived assets: CRS requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Donated agricultural commodities and supplies: CRS receives agricultural and other commodities at no cost from the United States Agency for International Development (USAID), the United States Department of Agriculture (USDA) and others for distribution under contracts related to specific relief programs. Commodities that have not been distributed at September 30, 2009 and 2008, are carried as undistributed commodity contributions and deferred revenue.

Commodity contributions are valued using guidelines published by the Commodity Credit Corporation (an agency of the United States government). European Union commodity donations are recorded at their insurable value, which approximates market value. In-kind contributions of medical supplies are recorded at the Pharmacies Fundamental Reference book (Red-Book) value or based on bills of lading. Other in-kind contributions are recorded at fair value.

Note 2. Summary Of Significant Accounting Policies (Continued)

Other government funding and exchange transactions: Revenue related to government grants and other exchange transactions is recognized when funds are utilized by CRS to carry out the activity stipulated by the grant or contract, since such contracts can be terminated by the grantor, or refunding can be required under certain circumstances. Accordingly, amounts received, but not recognized as revenue, are classified in the statement of financial position as advances received for programs.

Functional allocation of expenses: The costs of providing CRS' various programs and support services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and support services primarily based upon direct costs.

Joint costs: Expenses related to the Operation Rice Bowl program jointly support fundraising and educational and other programming. These expenses totaled $1,182,000 and $1,295,000 for the years ended September 30, 2009 and 2008, respectively. Expenses are allocated 23% to fundraising and 77% to program services for fiscal year 2009 and 20% to fundraising and 80% to program services for fiscal year 2008.

Self-insured medical plan: Under the CRS plan, medical insurance coverage is obtained for each employee so that exposure to excessive medical expenses is capped in conjunction with certain stop loss provisions. Provisions for expenses expected under this program are recorded based upon CRS' estimates of the aggregate liability for claims incurred.

Income taxes: CRS is generally exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, CRS qualifies for charitable contribution deductions under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Income which is not related to exempt purposes, less applicable deductions, may be subject to federal and state corporate income taxes. For the years ended September 30, 2009 and 2008, CRS has concluded it has no such unrelated business income.

CRS has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, CRS may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position.

Management evaluated CRS's tax positions and concluded that CRS had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provision of this guidance. CRS would be liable for income taxes in the U.S. federal jurisdiction. Fiscal years ended September 30, 2007, 2008, and 2009 are subject to examination by the Internal Revenue Service.

Recently issued accounting pronouncements: On August 6, 2008, FASB issued a position, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC, formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This FASB Staff Position also improves disclosures about an organization's endowment funds, both donor-restricted endowment funds and board designated endowment funds. UPMIFA was enacted by the state of Maryland in April 2009, and CRS has added the required disclosures as of September 30, 2009, in Note 15 of the financial statements.

A general standard of accounting for the disclosure of events that occur after the statement of financial position date but before the financial statements are issued or are available to be issued, has been established.

Note 2. Summary Of Significant Accounting Policies (Continued)

Subsequent events: On September 24, 2009, CRS entered into an agreement to sell all of its 87.83% interest in Thaneakea Phum (Cambodia) Ltd. (TPC), a microfinance subsidiary, to DMW Funds, for $5,500,000. This sale agreement and the closing date were contingent on the approval and acceptance by the Cambodian government which was received in January 2010. The cumulative net assets of TPC as of December 31, 2009 that will be transferred to the buyer are $4,683,965.

CRS evaluated subsequent events for potential required disclosures through March 30, 2010, which is the date the financial statements were available to be issued.

Note 3. Fair Value Of Financial Instruments

Effective October 1, 2008, CRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

> Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds are types of investments included in Level 1.
>
> Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; level 2 includes the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds, and over-the-counter derivatives.
>
> Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. CRS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by CRS:

> Level 1: Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Note 3. Fair Value Of Financial Instruments (Continued)

Level 2: Investments in corporate bonds, government obligations and convertible securities are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy. CRS's interest rate swap is observable at commonly quoted intervals for the full term of the swap and, therefore, is considered a Level 2 item. For the interest rate swaps in an asset position, the credit standing of the counter party is analyzed and factored into the fair value measurement of the asset. Fair value measurement of a liability must reflect the nonperformance risk of the entity.

Therefore, the impact of CRS's credit worthiness has also been factored into the fair value measurement for the interest rate swap in a liability position.

Level 3: Not applicable.

The following table presents CRS's fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2009 (in thousands):

		Fair Value Measurements Using		
Description	Total	Quoted Prices In Active Markets For Identical Assets (Level I)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Certificates of deposit & other	$ 34,657	$ -	$ 34,657	$ -
Equity securities	50,592	50,592	-	-
U.S. government obligations	41,556	-	41,556	-
Corporate and other bonds	20,336	-	20,336	-
Total investments	$ 147,141	$ 50,592	$ 96,549	$ -
Financial liabilities:				
Interest rate swap contracts	$ (2,916)	$ -	$ (2,916)	$ -

Cash and cash equivalents are excluded from the fair value hierarchy as cash is generally measured at cost. As such, $12,570,000 including $2,042,000 of cash held in segregated investments at September 30, 2009, has been excluded from this table.

For the period from October 1, 2008, through September 30, 2009, the application of the valuation techniques applied to similar assets and liabilities has been consistent.

Note 4. Concentration Of Credit Risk

Cash and cash equivalents include demand deposits which are maintained at various financial institutions in the United States and foreign countries. The total deposits at institutions in the United States exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. Deposits held at institutions outside of the United States are not subject to insurance. At September 30, 2009 and 2008, $72,584,000 and $96,732,000, respectively, of deposits were in excess of FDIC insurance including $50,702,000 and $54,802,000, respectively, held in numerous financial institutions outside of the United States. Short-term operating investments of $9,036,000 and $7,501,000, respectively, were also held in numerous financial institutions outside of the United States at September 30, 2009 and 2008.

CRS invests in a professionally managed portfolio that contains shares of U.S. Treasury securities, equity securities and corporate and other private debt securities. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Note 5. Accounts Receivable And Other Assets

Accounts receivable include loans made by CRS for microfinance programming, which provide credit to the working poor, and encompass both loans direct to the final borrower as well as loans to local partners who operate these programs. In some instances, CRS may contribute loan balances to local partners. At September 30, 2009 and 2008, microfinance loans receivable totaled $25,536,000 and $27,850,000, respectively. As of September 30, 2009 and 2008, the allowances for doubtful accounts on all accounts receivable and microfinance loans were $5,541,000 and $4,382,000, respectively. Other assets include charitable trust receivables of $9,326,000 and $9,344,000 at September 30, 2009 and 2008, respectively. The remaining portion of accounts receivable and other assets at September 30, 2009 and 2008, consists of trade receivables and prepaid expenses.

Note 6. Investments

The fair value by type of investment at September 30, 2009 and 2008, is as follows (in thousands):

	2009	2008
Certificates of deposit and other	$ 34,063	$ 18,501
U.S. Treasury securities	8,327	18,974
Corporate debt securities	18,078	15,873
Equity securities	41,650	37,976
Accrued interest and dividends	223	458
	$ 102,341	$ 91,782

Note 6. Investments (Continued)

The components of investment return on the investments described above, cash equivalents and segregated investments for the years ended September 30, 2009 and 2008, are as follows (in thousands):

	2009	2008
Dividends and interest	$ 9,507	$ 10,750
Realized loss on investments	(3,025)	(7,954)
Unrealized gain (loss) on investments	2,534	(16,670)
Investment management fees	(516)	(803)
	$ 8,500	$ (14,677)

Note 7. Segregated Investments

CRS is required under various statutory regulations to segregate a certain level of appropriate investments to support its charitable gift annuity program. In addition, CRS sponsors a pooled income fund wherein the fund's earnings are distributed to participants until their death at which time the assets become available to CRS. Such investments, at fair value, at September 30, 2009 and 2008, consist of the following (in thousands):

	2009			2008		
	Gift Annuities	Pooled Income	Total	Gift Annuities	Pooled Income	Total
Cash and cash equivalents	$ 2,032	$ 10	$ 2,042	$ 5,649	$ 35	$ 5,684
U.S. treasury securities	33,229	-	33,229	27,888	-	27,888
Corporate debt securities	657	1,601	2,258	497	1,523	2,020
Equity securities	8,814	128	8,942	6,451	134	6,585
Accrued interest	371	-	371	331	-	331
Total	$ 45,103	$ 1,739	$ 46,842	$ 40,816	$ 1,692	$ 42,508

During the years ended September 30, 2009 and 2008, CRS received $2,517,000 and $5,671,000, respectively, of new charitable gift annuities and pooled income fund contributions, earned net investment income of $1,345,000 and $1,578,000, respectively, and made contractual annuity payments of $4,216,000 and $3,866,000, respectively.

During the years ended September 30, 2009 and 2008, the pooled income fund made earnings distributions of $90,000 and $249,000, respectively, to participants.

Revenue from annuity contracts, irrevocable charitable trusts, and the pooled income fund (planned giving agreements) is recognized based on the present value of CRS' interest in the planned giving agreements.

Note 8. Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates in effect on reporting dates, and revenue and expenses are translated at rates in effect on transaction dates. Transaction and translation gains and losses are included in current results. The resulting foreign currency translation losses of $1,280,000 and $351,000 for the years ended September 30, 2009 and 2008, respectively, are included in supplies, office expenses, other expenses and investment income.

At September 30, 2009 and 2008, assets of approximately $141,343,000 and $155,017,000, respectively, which consist primarily of cash, short-term investments, receivables and equipment, and $118,028,000 and $132,261,000, respectively, of liabilities are associated with activities in countries outside the United States.

Note 9. Land, Building And Equipment

Land, building and equipment, at cost, at September 30, 2009 and 2008, are summarized as follows (in thousands):

	2009	2008
Land	$ 703	$ 703
Building and improvements	36,041	35,683
Furniture and equipment	62,527	61,052
	99,271	97,438
Less accumulated depreciation	(48,963)	(47,490)
	$ 50,308	$ 49,948

Land, building and equipment includes restricted and grant assets of $4,588,000 and $3,770,000 at September 30, 2009 and 2008, respectively. Of these assets, $3,202,000 and $2,780,000 at September 30, 2009 and 2008, respectively, are restricted in compliance with federal program grant agreements as to use, resale and maintenance.

CRS has entered into a capital lease agreement for its headquarters building in Baltimore, Maryland. The lease is for an initial term of thirty years ending in 2036, with three five-year renewal options. The minimum lease payment under this agreement of $13,465,000 was paid in full on the rent commencement date. Minimum rent for the renewal periods will be determined on the basis of 90% of the then fair market rental for the first renewal year, with subsequent years' rent increasing based on the Consumer Price Index.

Land, building and equipment at September 30, 2009, include $33,818,000 for leasehold improvements, capitalized lease and other costs expended, including capitalized interest of $885,000, for the new headquarters.

CRS has operating lease commitments for its offices maintained throughout the world. These leases are generally renewable on an annual basis. CRS has also entered into operating leases in the United States for office space for periods ranging from three to five years for its U.S. Operations. Rental expenses for the years ended September 30, 2009 and 2008, were $4,112,000 and $4,440,000, respectively.

Note 9. Land, Building And Equipment (Continued)

Minimum annual lease payments on operating leases are as follows:

Years Ending September 30,		
2010	$	210,098
2011		141,541
2012		29,920
	$	381,559

Note 10. Long-Term Debt

Long-term debt includes various notes payable by CRS' subsidiary in Cambodia, Thaneakea Phum (Cambodia) Ltd., (TPC), in addition to a term loan and tax exempt bonds payable in connection with the renovations of CRS' new headquarters building. None of the obligations of TPC have recourse to the other assets of CRS.

TPC has entered into a number of loans with both financial institutions and other private organizations to fund its microfinance lending capital. These loans range in amount from $200,000 to $1,676,000, denominated in U.S. dollars, Cambodian riel and Thai baht. Most include origination fees between .5% to 1% and carry interest rates from 6% to 15% per annum. These have maturities of between one and four years through 2012.

TPC also has several small loans with one year terms at 12% which automatically renew unless called by the borrower 30 days prior to maturity. These have various maturity dates in 2009, and total $60,000.

To finance the capital lease obligation for its headquarters building, CRS has an outstanding term loan with Bank of America in the amount of $11,671,000 and $12,255,000 at September 30, 2009 and 2008, respectively. The loan matures on May 1, 2009, but automatically extended until May 1, 2012, and then again until May 1, 2016, if the loan is not in default. Interest accrues, and is payable monthly, at a rate based on the one-month London Interbank Offered Rate (LIBOR) plus either .14% or .30% depending on the liability coverage ratio as defined in the agreement. Monthly principal payments began on June 1, 2008, and adjust each year on the basis of full amortization through May 1, 2023.

CRS has issued tax-exempt variable rate demand bonds in the amount of $19,555,000 in connection with renovations of the headquarters space. The bonds bear interest at a floating rate as determined by the bond remarketing agent based upon market conditions, unless converted to a fixed rate at the election of the borrower. Principal payments on the bonds begin in May 2023 and continue until final maturity in May 2036. A credit enhancement provided by Bank of America was used to obtain a credit rating of Aa1.

The bond agreement contains certain financial and non-financial covenants.

Note 10. Long Term Debt (Continued)

CRS entered into interest rate swap agreements to reduce the impact of interest rate changes on its floating rate term loan and tax-exempt bonds. One swap agreement was executed with notional principal amount of $4,855,000 of the taxable term loan, at a fixed rate of 4.96%, through October 2015. A second agreement was executed with a notional principal in the amount of $19,145,000 for the tax-exempt variable rate demand bonds. The contract is based on an issue rate of 67% of LIBOR, and fixes the interest rate at 3.40%, through May 1, 2036. As of September 30, 2009, CRS would be obligated in the amount of $2,916,000 should it elect to opt out of these swap agreements. This obligation is included in accounts payable and accrued expenses. The annual change in the value of these instruments, a loss of $1,779,000 and $1,480,000 for the years ended September 30, 2009 and 2008, respectively, is included in the realized and unrealized loss on investments and other financial instruments.

Interest due on the term loan and the bonds in connection with the headquarters building was capitalized while the space was under renovation and unoccupied.

Future annual maturities on long term debt as of September 30, 2009, are as follows (in thousands):

Years Ending September 30,		
2010	$	17,978
2011		4,351
2012		1,191
2013		721
2014		755
2015 – 2036		27,788
	$	52,784

Note 11. Commodities Received And Other In-Kind Contributions

Commodities received and other in-kind contributions for the years ended September 30, 2009 and 2008, consist of the following (in thousands):

		2009		2008
Agricultural commodities donated by USAID and USDA	$	159,880	$	75,798
Commodities and other contributions provided by the European Union, UN and other donors		25,785		18,727
Ocean freight		67,324		27,407
Total agricultural commodities and ocean freight	$	252,989	$	121,932
Medical supplies and other tangible assets	$	5,643	$	4,036
Donated services		694		854
Total in-kind contributions	$	6,337	$	4,890

Note 12. Retirement Plans

CRS has a non-contributory defined benefit pension plan covering all lay employees who have completed three months of service and attained the age of 21. The benefits are based on years of service and the employee's highest average compensation during five consecutive years of the last 10 years of service.

CRS also sponsors a non-contributory post-retirement health plan for employees who retire after the age of 65 with at least 20 years of service. CRS funds retiree healthcare premiums on a cash basis, and for the years ended September 30, 2009 and 2008, paid $132,000 and $116,000, respectively, for retirees' healthcare coverage.

Note 12. Retirement Plans (Continued)

The following schedule sets forth the funded status, components of net periodic benefit cost and weighted-average assumptions of the plans for the years ended September 30, 2009 and 2008 ($ in thousands):

	Pension Benefits		Post-Retirement Health	
	2009	2008	2009	2008
Change in projected benefit obligation				
Benefit obligation at beginning of period	$ 42,215	$ 39,231	$ 5,587	$ 4,833
Service cost	3,845	4,112	416	438
Interest cost	2,817	2,537	481	438
Actuarial (gain) loss	1,362	(3,872)	573	(1,806)
Plan participant contributions	-	-	76	
Benefits paid	(2,315)	(594)	(208)	(116)
Special termination benefits	-	801	-	1,800
Benefit obligation at end of period	$ 47,924	$ 42,215	$ 6,925	$ 5,587
Change in plan assets				
Fair value of plan assets at beginning of period	$ 22,602	$ 21,784	$ -	$ -
Actual return on plan assets	121	(2,894)	-	-
Employer contributions	2,983	4,307	132	116
Plan participant contributions	-	-	76	
Benefits paid	(2,315)	(594)	(208)	(116)
Fair value of plan assets at end of period	23,391	22,603	-	-
Funded status at end of year	$ (24,533)	$ (19,612)	$ (6,925)	$ (5,587)
Amounts recognized in statement of financial position	$ (24,533)	$ (19,612)	$ (6,925)	$ (5,587)
Amounts recognized in non-operating revenue and expenses				
Unrecognized transition obligation	$ -	$ -	$ 756	$ 900
Unrecognized prior service cost	84	101	-	-
Net loss (gain)	9,482	6,221	(1,766)	(2,348)
Accrued benefit cost	$ 9,566	$ 6,322	$ (1,010)	$ (1,448)
Components of net periodic benefit cost				
Service cost	$ 3,845	$ 4,112	$ 416	$ 438
Interest cost	2,817	2,537	481	438
Expected return on plan assets	(2,000)	(1,991)	-	-
Net amortization and deferral	64	188	134	188
Special termination benefits	-	1,427	-	1,800
Total net periodic benefit cost	$ 4,726	$ 6,273	$ 1,031	$ 2,864
Weighted-average assumptions				
Discount rate	6.50%	7.00%	6.50%	7.00%
Expected return on plan assets	8.50%	8.50%	N/A	N/A
Rate of compensation increase	5.00%	5.50%	N/A	N/A

Note 12. Retirement Plans (Continued)

The investment objective of the defined benefit plan is to attain an overall return in excess of the actuarially assumed rate, while protecting the plan's principal by managing investment risk. The investment objective also incorporates the financial condition of the plan, future growth of active and retired participants, inflation and the rate of salary increases. CRS' budget and finance committee has selected market-based benchmarks to monitor the performance of the investment strategy and perform periodic review of investment performance.

The investment strategy has a target asset allocation policy as follows:

Asset Class	Minimum	Target	Maximum
Equity and equivalents	60%	70%	80%
Fixed income	20%	30%	40%

The investment policy requires compliance with existing and future applicable state and federal regulations, including the Employee Retirement Income Security Act of 1974 (ERISA). The expected long-term rate of return on plan assets is based primarily on expectations of future returns for the pension plan's investments, based upon the target asset allocations. Additionally, the historical returns on comparable equity and fixed income investments is considered in the estimate of the expected long-term rate of return on plan assets.

Allocation of plan assets at September 30, 2009 and 2008 ($ in thousands):

	2009		2008	
	Amount	Percent	Amount	Percent
Equity and equivalents	$ 15,450	66.1%	$ 13,550	59.9%
Fixed income	7,440	31.8%	6,009	26.6%
Cash equivalents	501	2.1%	3,044	13.5%
	$ 23,391	100.0%	$ 22,603	100.0%

The pension plan contribution for the year ending September 30, 2010 is expected to be $3,579,000. The plan's expected payouts for the next five years and in the aggregate for the following five years are:

Fiscal Year	Payout
2010	$ 710,065
2011	849,564
2012	1,077,476
2013	1,346,056
2014	1,512,552
2015 – 2019	11,515,827

Note 12. Retirement Plans (Continued)

The healthcare inflation rates for 2009 and 2008 are assumed to be 8.5% and 9%, respectively. The 5% ultimate rate was projected to be reached by 2015. A 1% point increase in the healthcare inflation rate from the assumed rate could increase the accumulated post-retirement health benefit obligation by approximately $1,299,000 as of September 30, 2009, and would increase the aggregate of the service cost and interest cost components of net periodic post-retirement health benefit cost for 2009 by approximately $214,000. A 1% point decrease in the healthcare inflation rate from the assumed rate could decrease the accumulated post-retirement health benefit obligation by approximately $1,627,000 as of September 30, 2009, and would decrease the aggregate of the service cost and interest components of net periodic post-retirement health benefit cost for 2009 by approximately $164,000.

CRS also provides eligible employees a defined contribution plan, which qualifies under IRC §403(b). Under the plan, CRS contributes to a participant's account an amount equal to 50% of the participant's contribution, not to exceed 3% of the participant's eligible earnings. The contributions are invested in various mutual funds chosen by the participant. CRS curtailed the employer match on April 15, 2009, and reinstated it on January 1, 2010. CRS contributed $419,000 and $794,000, for the years ended September 30, 2009 and 2008, respectively.

Accrued benefit cost for pension benefits and post retirement health benefits are included in accounts payable and accrued expenses in the accompanying financial statements.

Note 13. Self-Insured Medical Plan

CRS maintains a self-insured medical plan for the benefit of its employees. A stop loss policy is in effect, which limits CRS' loss per individual employee to $150,000. The medical plan is administered through a contractual relationship with an unrelated company. However, CRS is solely responsible for all claims incurred up to the amount of the stop loss provisions. CRS' expense under the self-insured medical plan amounted to $4,700,000 and $4,900,000 for the years ended September 30, 2009 and 2008, respectively.

Note 14. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2009 and 2008, are composed of the following (in thousands):

	2009	2008
Time restricted:		
Charitable trusts	$ 7,631	$ 7,416
Pooled income fund	717	683
Other time restricted	51	-
Total	8,399	8,099
Program restricted:	34,324	58,380
Total temporarily restricted net assets	$ 42,723	$ 66,479

Note 14. Temporarily Restricted Net Assets (Continued)

Net assets were released for the following purposes during 2009 and 2008 (in thousands):

		2009		2008
Program restricted purposes met	$	52,958	$	74,095
Time restricted purposes met		-		142
	$	52,958	$	74,237

Permanently restricted net assets represent contributions by donors for which the corpus must be permanently retained. The income derived from these permanently restricted amounts can be used to fund administrative costs and program services. During 2009, one gift valued at $159,000 was released from permanent restriction at the request of the trustee.

Note 15. Endowments

Interpretation of relevant law: CRS has interpreted the state of Maryland's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, CRS classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by CRS in a manner consistent with the standard of prudence prescribed by UPMIFA. In response to the enactment of UPMIFA in Maryland on April 14, 2009, CRS reclassified $90,000 of previous losses on net assets previously reported as permanently restricted net assets to unrestricted net assets. In accordance with UPMIFA, CRS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund
b. The purposes of CRS and the donor-restricted endowment fund
c. General economic conditions
d. The possible effects of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of CRS
g. The investment policies of CRS

Return objective and risk parameters: The long-term goal of the Endowment Funds is to achieve appreciation of assets without exposure to undue risk. The portfolio is expected to support desired spending, provide additional growth to cover operating expenses and preserve the purchasing power of the endowment assets over time, net of all fees, over a five-year moving time period.

Spending policy: The current policy is to distribute an amount equal to 5% of the average market value of the endowment for 12 trailing quarters.

Note 15. Endowments (Continued)

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CRS to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $90,000 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

Endowment Net Asset Composition by Type of Fund
As of September 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (71)	$ -	$ 1,005	$ 934
Undesignated - other endowment funds	(19)	-	3,004	2,985
Third party trust assets	-	-	1,695	1,695
Total funds	$ (90)	$ -	$ 5,704	$ 5,614

Changes In Endowment Net Assets
For the Year Ended September 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	$ -	$ -	$ 4,765	$ 4,765
Net investment income (loss)	-	51	(74)	(23)
Contributions	-	-	1,082	1,082
Other transfers in/(out)	-	-	(159)	(159)
Endowment draw to operating	-	(51)	-	(51)
Reclassification	(90)	-	90	-
Endowment net assets, end of the year	$ (90)	$ -	$ 5,704	$ 5,614

Note 16. Contingencies

CRS receives significant financial and non-financial assistance from the U.S. government. Entitlement to such resources is generally conditioned upon compliance with terms and conditions of the related agreements and applicable federal regulations. The use of such resources is subject to audit by governmental agencies and CRS is contingently liable to refund amounts received in excess of allowable expenditures. As of September 30, 2009 and 2008, CRS has recorded a liability for its estimate of questioned costs that may have to be refunded to the government.

In the normal course of business, CRS is party to various claims and assessments. In the opinion of management, these matters will not have a material effect on CRS' financial position, change in net assets, or cash flow.

Note 17. Tsunami Emergency

On December 26, 2004, a tsunami struck South and Southeast Asia, resulting in the largest donor response in CRS' history. CRS' emergency response as well as reconstruction efforts extend over a number of years. The following is a financial summary of the related activity in Indonesia, Sri Lanka, India, Thailand and other parts of this region from inception through September 30, 2009 (in thousands):

	Private Contributions	Other Donors, Including U.S. Government	Total
Revenue, cumulative through September 30, 2009	$ 163,978	$ 31,646	$ 195,624
Investment income	6,264	2	6,266
Total revenue	170,242	31,648	201,890
Total operating expenses	163,718	31,635	195,353
Net assets at September 30, 2009	$ 6,524	$ 13	$ 6,537