

ASSISTANCE LEAGUE OF KANSAS CITY

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT**

May 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Assistance League of Kansas City
Gladstone, Missouri

Opinion

We have audited the accompanying financial statements of the Assistance League of Kansas City (a nonprofit organization), which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance League of Kansas City as of May 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Assistance League of Kansas City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Assistance League of Kansas City's ability to continue as a going concern for a reasonable period of time.

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



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
August 29, 2022

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENTS OF FINANCIAL POSITION

As of May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 939,341	\$ 752,653
Accounts receivable	364	0
Prepaid expenses	25,913	45,977
Thrift store inventories	191,193	165,058
Program supplies	<u>228,269</u>	<u>289,487</u>
Total Current Assets	1,385,080	1,253,175
<u>Noncurrent Assets</u>		
Capital assets, net	<u>1,535,274</u>	<u>1,599,404</u>
Total Noncurrent Assets	<u>1,535,274</u>	<u>1,599,404</u>
 TOTAL ASSETS	 \$ <u>2,920,354</u>	 \$ <u>2,852,579</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payables	\$ 17,693	\$ 24,766
Deferred dues revenue	<u>21,620</u>	<u>21,540</u>
Total Current Liabilities	39,313	46,306
<u>Net Assets</u>		
Without donor restrictions	2,881,041	2,806,273
With donor restrictions	<u>0</u>	<u>0</u>
Total Net Assets	<u>2,881,041</u>	<u>2,806,273</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>2,920,354</u>	 \$ <u>2,852,579</u>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements.

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENT OF ACTIVITIES For the Year Ended May 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>			
Fundraising:			
THE ReSALE SHOP revenue:			
Contributions of merchandise	\$ 578,239	\$ 0	\$ 578,239
Sales of donated merchandise	552,104	0	552,104
Less: Value of merchandise sold	<u>(552,104)</u>	<u>0</u>	<u>(552,104)</u>
Net revenue from THE ReSALE SHOP	578,239	0	578,239
Fundraising events and activities:			
Revenue	97,692	0	97,692
Less: Direct costs	<u>(5,720)</u>	<u>0</u>	<u>(5,720)</u>
Net revenue from other events and activities	<u>91,972</u>	<u>0</u>	<u>91,972</u>
Total net fundraising revenue	670,211	0	670,211
Contributions and grants	250,094	0	250,094
Noncash contributions	104,457	0	104,457
Membership dues	25,025	0	25,025
Interest	1,076	0	1,076
Other income	<u>2,935</u>	<u>0</u>	<u>2,935</u>
Total Support, Revenue & Other Income	1,053,798	0	1,053,798
<u>EXPENSES</u>			
Program Services:			
Operation School Bell ®	530,584	0	530,584
Operation Child In Need	178,323	0	178,323
Assault Survivor Kits ®	33,873	0	33,873
Operation Hug	24,131	0	24,131
Other programs	<u>73,922</u>	<u>0</u>	<u>73,922</u>
Total Program Services	840,833	0	840,833
Supporting Activities:			
THE ReSALE SHOP	63,011	0	63,011
Other fundraising	2,865	0	2,865
Management and general	47,486	0	47,486
Membership development	10,430	0	10,430
Unallocated payment for National Dues	<u>14,405</u>	<u>0</u>	<u>14,405</u>
Total Supporting Activities	<u>138,197</u>	<u>0</u>	<u>138,197</u>
Total Expenses	<u>979,030</u>	<u>0</u>	<u>979,030</u>
Change in net assets	74,768	0	74,768
NET ASSETS, May 31, 2021	<u>2,806,273</u>	<u>0</u>	<u>2,806,273</u>
NET ASSETS, May 31, 2022	\$ <u>2,881,041</u>	\$ <u>0</u>	\$ <u>2,881,041</u>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements.

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENT OF ACTIVITIES For the Year Ended May 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>			
Fundraising:			
THE ReSALE SHOP revenue:			
Contributions of merchandise	\$ 418,552	\$ 0	\$ 418,552
Sales of donated merchandise	402,115	0	402,115
Less: Value of merchandise sold	<u>(402,115)</u>	<u>0</u>	<u>(402,115)</u>
Net revenue from THE ReSALE SHOP	418,552	0	418,552
Other events and activities:			
Revenue	80,130	0	80,130
Less: Direct costs	<u>(4,227)</u>	<u>0</u>	<u>(4,227)</u>
Net revenue from other events and activities	<u>75,903</u>	<u>0</u>	<u>75,903</u>
Total net fundraising revenue	494,455	0	494,455
Contributions and grants	273,655	0	273,655
Noncash contributions	292,290	0	292,290
Membership dues	23,497	0	23,497
Interest	2,145	0	2,145
Other income	<u>1,897</u>	<u>0</u>	<u>1,897</u>
Total Support, Revenue & Other Income	1,087,939	0	1,087,939
<u>EXPENSES</u>			
Program Services:			
Operation School Bell ®	504,026	0	504,026
Operation Child In Need	215,157	0	215,157
Assault Survivor Kits ®	22,456	0	22,456
Operation Hug	11,398	0	11,398
Other programs	<u>93,221</u>	<u>0</u>	<u>93,221</u>
Total Program Services	846,258	0	846,258
Supporting Activities:			
THE ReSALE SHOP	54,276	0	54,276
Other fundraising	2,207	0	2,207
Management and general	44,361	0	44,361
Membership development	5,681	0	5,681
Unallocated payment for National Dues	<u>13,380</u>	<u>0</u>	<u>13,380</u>
Total Supporting Activities	<u>119,905</u>	<u>0</u>	<u>119,905</u>
Total Expenses	966,163	0	966,163
Net assets released from restrictions	<u>10,177</u>	(10,177)	<u>0</u>
Change in Net Assets	131,953	(10,177)	121,776
NET ASSETS, May 31, 2020	<u>2,674,320</u>	<u>10,177</u>	<u>2,684,497</u>
NET ASSETS, May 31, 2021	\$ <u>2,806,273</u>	\$ <u>0</u>	\$ <u>2,806,273</u>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements.

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended May 31, 2022

	Program Services						Supporting Activities						Total Expenses
	Operation School Bell ®	Operation Child In Need	Assault Survivor Kits ®	Operation Hug	Other Programs	Total Program Services	THE ReSALE SHOP	Other Fundraising	Management & General	Membership Development	Unallocated Payment for National Dues	Total Supporting Activities	
Program supplies	\$ 486,427	\$ 159,304	\$ 27,999	\$ 17,164	\$ 64,827	\$ 755,721	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 755,721
Occupancy:													
Utilities	8,971	1,238	157	133	900	11,399	13,646	0	3,884	0	0	17,530	28,929
Property management	4,647	911	115	98	505	6,276	20,905	0	2,856	0	0	23,761	30,037
Repairs and maintenance	1,962	360	45	39	214	2,620	2,271	0	1,129	0	0	3,400	6,020
Insurance	6,293	2,060	260	222	858	9,693	0	0	4,861	0	0	4,861	14,554
Depreciation	19,743	13,610	5,207	6,399	4,802	49,761	8,120	0	14,436	0	0	22,556	72,317
Postage	251	128	0	0	1,519	1,898	0	0	167	35	0	202	2,100
Printing	0	0	0	0	0	0	0	0	0	985	0	985	985
Professional service fees	106	0	0	0	0	106	0	0	9,895	284	0	10,179	10,285
Public relations & advertising	0	0	0	0	0	0	5,769	0	5,265	2,179	0	13,213	13,213
Office supplies	804	263	33	28	110	1,238	0	0	982	0	0	982	2,220
Technology & web related	700	229	29	24	95	1,077	2,966	2,148	1,078	0	0	6,192	7,269
National dues & committee	0	0	0	0	0	0	0	0	0	0	14,405	14,405	14,405
National meetings	680	220	28	24	92	1,044	0	0	584	489	0	1,073	2,117
Education chapter development	0	0	0	0	0	0	0	0	937	33	0	970	970
Chapter meetings	0	0	0	0	0	0	0	0	0	4,631	0	4,631	4,631
Bank and credit card fees	0	0	0	0	0	0	9,334	0	1,269	551	0	11,154	11,154
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>717</u>	<u>143</u>	<u>1,243</u>	<u>0</u>	<u>2,103</u>	<u>2,103</u>
Total Expenses	\$ <u>530,584</u>	\$ <u>178,323</u>	\$ <u>33,873</u>	\$ <u>24,131</u>	\$ <u>73,922</u>	\$ <u>840,833</u>	\$ <u>63,011</u>	\$ <u>2,865</u>	\$ <u>47,486</u>	\$ <u>10,430</u>	\$ <u>14,405</u>	\$ <u>138,197</u>	\$ <u>979,030</u>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements.

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended May 31, 2021

	Program Services						Supporting Activities						
	Operation	Operation	Assault	Total			THE				Unallocated	Total	Total
	School	Child In	Survivor	Operation	Other	Program	ReSALE	Other	Management	Membership	Payment for	Supporting	
	Bell ®	Need	Kits ®	Hug	Programs	Services	SHOP	Fundraising	& General	Development	National Dues	Activities	Expenses
Program supplies	\$ 461,091	\$ 195,550	\$ 16,456	\$ 4,704	\$ 84,918	\$ 762,719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 762,719
Occupancy:													
Utilities	7,836	1,368	139	35	938	10,316	12,105	0	3,582	0	0	15,687	26,003
Property management	3,901	1,098	113	28	576	5,716	11,954	0	2,875	0	0	14,829	20,545
Repairs and maintenance	3,710	815	84	21	487	5,117	6,057	0	2,133	0	0	8,190	13,307
Insurance	5,683	2,406	248	61	1,049	9,447	0	0	4,737	0	0	4,737	14,184
Other	464	0	259	258	0	981	0	0	0	0	0	0	981
Depreciation	19,374	13,356	5,110	6,279	4,712	48,831	7,970	0	14,167	0	0	22,137	70,968
Postage	237	110	0	0	343	690	0	0	143	0	0	143	833
Printing	0	0	0	0	0	0	0	0	0	1,234	0	1,234	1,234
Professional service fees	106	0	0	0	0	106	0	0	9,629	284	0	9,913	10,019
Public relations & advertising	0	0	0	0	0	0	9,083	0	3,417	233	0	12,733	12,733
Office supplies	634	268	28	7	117	1,054	0	0	641	0	0	641	1,695
Technology & web related	824	186	19	5	81	1,115	0	1,832	860	0	0	2,692	3,807
National dues & committee	0	0	0	0	0	0	0	0	0	0	13,380	13,380	13,380
National meetings	166	0	0	0	0	166	0	0	809	0	0	809	975
Education chapter development	0	0	0	0	0	0	0	0	661	62	0	723	723
Chapter meetings	0	0	0	0	0	0	0	0	0	3,141	0	3,141	3,141
Bank and credit card fees	0	0	0	0	0	0	7,107	0	663	10	0	7,780	7,780
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>375</u>	<u>44</u>	<u>717</u>	<u>0</u>	<u>1,136</u>	<u>1,136</u>
Total Expenses	\$ <u>504,026</u>	\$ <u>215,157</u>	\$ <u>22,456</u>	\$ <u>11,398</u>	\$ <u>93,221</u>	\$ <u>846,258</u>	\$ <u>54,276</u>	\$ <u>2,207</u>	\$ <u>44,361</u>	\$ <u>5,681</u>	\$ <u>13,380</u>	\$ <u>119,905</u>	\$ <u>966,163</u>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements.

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENTS OF CASH FLOWS For the Years Ended May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 74,768	\$ 121,776
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	72,317	70,968
Changes in assets and liabilities:		
Accounts receivable	(364)	0
Prepaid expenses	20,064	(26,416)
Thrift store inventories	(26,135)	(16,586)
Program supplies	61,218	(60,701)
Accounts payable	(7,073)	19,335
Deferred dues revenue	<u>80</u>	<u>(440)</u>
Net cash flows from operating activities	194,875	107,936
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment and improvements	<u>(8,187)</u>	<u>(11,615)</u>
Net cash flows from investing activities	<u>(8,187)</u>	<u>(11,615)</u>
Net increase in cash and cash equivalents	186,688	96,321
Cash and cash equivalents, beginning of year	<u>752,653</u>	<u>656,332</u>
Cash and cash equivalents, end of year	\$ <u>939,341</u>	\$ <u>752,653</u>

See Accompanying Independent Auditor's Report and Notes to the Financial Statements.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

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ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 1: NATURE OF ACTIVITIES

Assistance League of Kansas City is a nonprofit corporation organized under the laws of the State of Missouri. It is a chartered chapter of National Assistance League®. The accompanying financial statements include the activities of Assistance League of Kansas City and its auxiliaries: Assisteens® and Heartland Auxiliary (collectively, the “Chapter”). The Chapter provides the following programs:

- Operation School Bell® provides new clothing and shoes to elementary school, middle school, and high school students in those school districts within Clay, Jackson, Platte, and Ray counties in Missouri.
- Operation Child In Need provides food, school supplies and resources for specific needs of children in Clay, Platte and Ray counties.
- Assault Survivor Kits® provides clothing and hygiene items for sexual assault survivors treated at area hospitals.
- Operation Hug provides teddy bears to children in crisis situations in Clay, Platte, and Jackson counties.
- I'm In Charge provides materials to schools in Cass, Clay, Platte, and Jackson counties for safety skills course taught to elementary aged children.
- Senior Outreach Service provides assistance and friendship to senior citizens residing at area senior care facilities, and food for Clay and Platte County seniors.
- Outreach offers resources for short-term needs in the community.
- Best Foot Forward provides clothing and resources to individuals entering or re-entering the job market. The program was discontinued as of June 1, 2022.
- Operation Celebration provides cake mix, party supplies, and a gift to children celebrating birthdays or other occasions while in community shelters.
- Scholarship Program awards scholarships to deserving candidates to assist them in paying for post-secondary education.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Chapter have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The Chapter follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Update (“ASU”) 2016-14 as it relates to FASB’s Accounting Standards Codification (“ASC”) Topic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. FASB ASC 958-205 requires disclosing the amounts of expenses by both their natural classification and their functional classification. The Chapter is required to report information regarding its financial position and activities according to two classes of net assets, which is as follows.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Chapter pursuant to those restrictions or that expire by the passage of time. Contributions restricted by donors whose restrictions are met in the same reporting periods are recorded as unrestricted. Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Chapter's actions are restricted. Restrictions stipulate that resources must be maintained permanently but permit the Chapter to expend the income generated in accordance with the provisions of the agreements.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed (or certain grantor) restrictions or law.

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

C. Fair Value Measurements

The Chapter follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

For purposes of financial reporting, the Chapter has determined that the fair values of its financial instruments, which include cash equivalents, accounts receivable and accounts payable, approximate the carrying values at May 31, 2022 and 2021, based on their short maturities and/or the terms available to the Chapter in financial markets.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of cash on hand, cash held as deposits with local financial institutions in checking and money market accounts, certificates of deposit and all highly liquid investments with original maturities of three months or less.

E. Concentrations of Credit and Market Risk

Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Chapter has not experienced any losses on its cash or cash equivalents. The Chapter has a signed master repurchase agreement attached to its operating checking account that sweeps funds exceeding \$10,000 overnight and invests such monies in repurchase transactions of U.S. Government and U.S. Government Agency Securities. Excluding the invested repurchase transaction amounts, the Chapter had \$72,312 and \$139,856 of bank balances in excess of federally insured limits as of May 31, 2022 and 2021, respectively.

F. Thrift Shop Inventories

The Chapter maintains an inventory of used clothing and household items donated by Chapter members and the area community for resale by THE ReSALE SHOP operated by the Chapter, which is stated at its estimated fair value as determined by average sale prices.

G. Program Supplies on Hand

The Chapter maintains prepaid program supplies on hand of new clothing and vouchers for use in its Operation School Bell program as well as other prepaid program supplies that are all stated at the lower of cost or market determined by the first-in, first-out method.

H. Capital Assets

Capital assets are stated at cost if purchased or at the fair value at the date of donation in the case of donated assets. The Chapter's policy is to capitalize property and equipment with a cost of \$1,000 or more per item and a multi-year useful life. The Chapter provides for depreciation and amortization of property and equipment by use of the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10 to 40 years
Land improvements	10 to 15 years
Furniture and equipment	5 to 10 years
Technology related	4 to 7 years

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

Contributions of long-lived assets, or of cash or other assets that must be used to acquire long-lived assets, are reported as increases in net assets with donor restrictions. Restrictions are considered met, and an appropriate amount reclassified to net assets without donor restrictions, over the useful life of the long-lived assets as determined by the Chapter's depreciation policy.

I. Deferred Dues Revenue

Membership dues and program service fees collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues and fees relate.

J. Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to contributions without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

K. Donated Materials and Services

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations, and are reflected in the accompanying financial statements at their fair values at the date of donation. Items are donated to THE ReSALE SHOP by chapter members and supporters and totaled \$578,239 and \$418,552 for the years ended May 31, 2022 and 2021, respectively. The Chapter recognizes donated services for specialized skills that would typically need to be purchased if not acquired by donation provided that the services are performed by individuals possessing those skills.

In addition, all of the Chapter's functions and programs are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended May 31, 2022, volunteers donated 54,828 hours with an estimated value of \$1,629,488, computed using an estimated hourly rate of \$29.72. During the year ended May 31, 2021, these volunteers donated 54,150 hours with an estimated value of \$1,519,449, computed using an estimated hourly rate of \$28.06. The estimated hourly rate is based upon the average hourly earnings of "production and nonsupervisory employees on private nonfarm payrolls, seasonally adjusted", as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Income Tax Status

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Chapter is also exempt from state income taxes under the Revenue and Taxation Code of the State of Missouri.

The Chapter has applied the provisions of the FASB's ASC 740 10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740 10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of May 31, 2022 and 2021, the Chapter had no substantial uncertain income tax positions. Federal form 990 has been filed in a timely manner.

M. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Chapter. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, property management and insurance, education, and information technology. Depreciation, property management, and property insurance are allocated based on estimated square footage, certain costs of education related are allocated based on attendees, and the information technology is allocated based on estimates of time and costs of specific technology utilized.

O. Subsequent Events

According to ASC 855-10, management has evaluated subsequent events to August 29, 2022, the date the financial statements were available to be issued.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 440	\$ 440
Checking and savings accounts	<u>938,901</u>	<u>752,213</u>
Total cash and cash equivalents	\$ <u>939,341</u>	\$ <u>752,653</u>

NOTE 4: PROGRAM SUPPLIES ON HAND

Prepaid program supplies on hand consisted of the following at May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operation Child in Need	\$ 11,089	\$ 8,325
Operation Hug	1,265	18,630
I'm In Charge materials	467	0
New clothing and shoe vouchers for use in its Operation		
School Bell program ®	190,742	241,989
Assault Survivor Kits (ASK) ®	16,592	15,920
Other program inventory	<u>8,113</u>	<u>4,623</u>
Total program supplies on hand	\$ <u>228,268</u>	\$ <u>289,487</u>

NOTE 5: CAPITAL ASSETS

Capital assets consisted of the following at May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 416,018	\$ 416,018
Land improvements	135,559	135,559
Buildings and improvements	1,691,970	1,691,970
Furniture and equipment	79,546	73,458
Technology related	<u>42,256</u>	<u>40,156</u>
Gross capital assets	2,365,349	2,357,161
Less accumulated depreciation	<u>(830,073)</u>	<u>(757,757)</u>
Total capital assets, net	\$ <u>1,535,276</u>	\$ <u>1,599,404</u>

Depreciation expense totaled \$72,317 and \$70,968 for the years ended May 31, 2022 and 2021, respectively. The Chapter owns a building at 6101 N. Chestnut, Gladstone, Missouri and a building at 6601 N. Oak, Gladstone, Missouri. The building on N. Chestnut is used for business offices and chapter meetings. The building on N. Oak is used for Operation School Bell and THE ReSALE SHOP.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 6: NET ASSETS

The Chapter did not have any net assets restricted by donors or designated by the Chapter's board of directors as of May 31, 2022 and 2021.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time by the donors as follows for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted purpose: Operation School Bell program	\$ <u>0</u>	\$ <u>10,177</u>
Total net assets released from restrictions	\$ <u>0</u>	\$ <u>10,177</u>

Donor restricted contributions received and satisfied restricted purpose in the same period:

	<u>2022</u>	<u>2021</u>
Restricted purpose: Child in Need program	\$ 49,315	\$ 62,875
Restricted purpose: Senior Outreach program	4,070	7,780
Restricted purpose: Assault Survivor Kit program	0	485
Restricted purpose: Scholarships	0	14,500
Restricted purpose: THE RESALE SHOP	0	951
Restricted purpose: Operation School Bell program	<u>91,310</u>	<u>118,642</u>
Total restrictions met in the same period	\$ <u>144,695</u>	\$ <u>205,233</u>

NOTE 7: TRANSACTION WITH NATIONAL ASSISTANCE LEAGUE

The Organization annually remits a portion of its membership dues to the National Assistance League. For the years ended May 31, 2022 and 2021, the Chapter paid the National Assistance League \$14,405 and \$13,380, respectively. These payments are recorded as total national dues and are not allocated as a functional expense in the Statements of Activities.

NOTE 8: OTHER PROGRAMS EXPENSE

As detailed in Note 1, the Chapter provides services through several programs. The related expenses for those programs listed in the financial statements as "Other Programs" are as follows for the years ended May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Senior Outreach Services	\$ 27,775	\$ 14,873
I'm in Charge	5,004	6,521
Scholarship	33,448	55,786
Outreach	379	9,153
Assisteens	7,316	6,668
Best Foot Forward	<u>0</u>	<u>220</u>
Total Other Programs Expenses	\$ <u>73,922</u>	\$ <u>93,221</u>

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

NOTE 9: LIQUIDITY RESOURCE MANAGEMENT

The Chapter regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Chapter considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of May 31, 2022 and 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 939,341	\$ 752,653
Accounts receivable	<u>364</u>	<u>0</u>
Total financial assets	<u>\$ 939,705</u>	<u>\$ 752,653</u>

To build upon its past achievements and ensure future sustainability, the Chapter has a long-standing policy that requires the governing board to maintain unrestricted net assets sufficient for one year's operating expenses. Assets received with donor restrictions to be used in the next fiscal year for operating purposes are considered to be available for general expenditure spending as of May 31.

In addition to the financial assets available to meet general expenditures over the next 12-months noted above, the Chapter has other current assets and deferred revenue that will likely be converted to cash or available for general expenditures during the normal course of next year's operations. Such current assets include the Chapter's program supplies and thrift shop inventories.

NOTE 10: FUNDRAISING EVENTS AND ACTIVITIES

The Chapter conducts various events and activities to help fund current operations. The revenue and related expenses from such events and activities for the year ending May 31, 2022, are as follows:

<u>Event/Activity</u>	<u>Revenue</u>	<u>Direct Costs</u>		<u>Net Revenue</u>
		<u>Cost of Sales (Merchandise)</u>	<u>Other Costs</u>	
Auction	\$ 21,582	\$ 3,818	\$ 0	\$ 17,764
Step UP for Students mailer	<u>76,110</u>	<u>1,902</u>	<u>0</u>	<u>74,208</u>
	<u>\$ 97,692</u>	<u>\$ 5,720</u>	<u>\$ 0</u>	<u>\$ 91,972</u>

The revenue and expenses from events and activities for the year ending May 31, 2021, are as follows:

<u>Event/Activity</u>	<u>Revenue</u>	<u>Direct Costs</u>		<u>Net Revenue</u>
		<u>Cost of Sales (Merchandise)</u>	<u>Other Costs</u>	
Call to Action mailer	\$ 61,452	\$ 0	\$ 1,806	\$ 59,646
Auction	<u>18,678</u>	<u>940</u>	<u>1,481</u>	<u>16,257</u>
	<u>\$ 80,130</u>	<u>\$ 940</u>	<u>\$ 3,287</u>	<u>\$ 75,903</u>