

ASSISTANCE LEAGUE OF KANSAS CITY

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

May 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 30, 2024

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENTS OF FINANCIAL POSITION

As of May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
<u>Assets</u>		
Cash	\$ 1,265,727	\$ 1,155,034
Cash restricted for long-term purposes	68,417	0
Unconditional promises to give	156,109	0
Accounts receivable	14,834	4,089
Prepaid expenses	60,405	9,017
Thrift store inventories	228,696	204,291
Program supplies	436,726	476,221
Capital assets, net	<u>2,369,570</u>	<u>1,477,917</u>
TOTAL ASSETS	\$ <u>4,600,484</u>	\$ <u>3,326,569</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payables	\$ 62,095	\$ 72,150
Deferred dues revenue	21,015	19,440
Notes payable	<u>580,000</u>	<u>0</u>
Total Liabilities	663,110	91,590
<u>Net Assets</u>		
Without donor restrictions	3,436,018	3,234,979
With donor restrictions	<u>501,356</u>	<u>0</u>
Total Net Assets	<u>3,937,374</u>	<u>3,234,979</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>4,600,484</u>	\$ <u>3,326,569</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, 2024

	<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	\$ 660,146	\$ 0	\$ 660,146
Sales of donated merchandise	635,742	0	635,742
Less: Value of merchandise sold	<u>(635,742)</u>	<u>0</u>	<u>(635,742)</u>
Net revenue from THE ReSALE SHOP	660,146	0	660,146
Fundraising events and activities:			
Revenue	92,853	0	92,853
Less: Direct costs	<u>(11,911)</u>	<u>0</u>	<u>(11,911)</u>
Net revenue from other events and activities	<u>80,942</u>	<u>0</u>	<u>80,942</u>
Total net fundraising revenue	741,088	0	741,088
Contributions and grants	263,600	506,356	769,956
Contributed nonfinancial assets	230,677	0	230,677
Membership dues	21,350	0	21,350
Interest	10,873	0	10,873
Other income	<u>13,078</u>	<u>0</u>	<u>13,078</u>
Total Support, Revenue & Other Income	1,280,666	506,356	1,787,022
<u>EXPENSES</u>			
Program Services:			
Operation School Bell ®	658,228	0	658,228
Operation Child In Need	73,204	0	73,204
Assault Survivor Kits ®	24,348	0	24,348
Operation Hug	34,602	0	34,602
Other programs	<u>68,879</u>	<u>0</u>	<u>68,879</u>
Total Program Services	859,261	0	859,261
Supporting Activities:			
THE ReSALE SHOP	59,193	0	59,193
Other fundraising	11,587	0	11,587
Management and general	135,756	0	135,756
Membership development	5,740	0	5,740
Unallocated payment for National Dues	<u>13,270</u>	<u>0</u>	<u>13,270</u>
Total Supporting Activities	<u>225,366</u>	<u>0</u>	<u>225,366</u>
Total Expenses	1,084,627	0	1,084,627
Net Assets Released from Restrictions	<u>5,000</u>	<u>(5,000)</u>	<u>0</u>
Change in net assets	201,039	501,356	702,395
NET ASSETS, beginning of year	<u>3,234,979</u>	<u>0</u>	<u>3,234,979</u>
NET ASSETS, end of year	\$ <u>3,436,018</u>	\$ <u>501,356</u>	\$ <u>3,937,374</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, 2023

	<u>Without Donor Restrictions</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>	
Fundraising:	
THE ReSALE SHOP revenue:	
Contributions of merchandise	\$ 617,185
Sales of donated merchandise	604,087
Less: Value of merchandise sold	<u>(604,087)</u>
Net revenue from THE ReSALE SHOP	617,185
Fundraising events and activities:	
Revenue	80,931
Less: Direct costs	<u>(6,125)</u>
Net revenue from other events and activities	<u>74,806</u>
Total net fundraising revenue	691,991
Contributions and grants	286,417
Contributed nonfinancial assets	280,875
Membership dues	24,705
Interest	3,452
Other income	<u>4,575</u>
Total Support, Revenue & Other Income	1,292,015
 <u>EXPENSES</u>	
Program Services:	
Operation School Bell ®	457,464
Operation Child In Need	159,118
Assault Survivor Kits ®	24,778
Operation Hug	32,544
Other programs	<u>113,254</u>
Total Program Services	787,158
Supporting Activities:	
THE ReSALE SHOP	62,333
Other fundraising	3,637
Management and general	59,876
Membership development	10,553
Unallocated payment for National Dues	<u>14,520</u>
Total Supporting Activities	<u>150,919</u>
Total Expenses	938,077
Change in net assets	353,938
 NET ASSETS, beginning of year	<u>2,881,041</u>
NET ASSETS, end of year	\$ <u>3,234,979</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, 2024

	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	\$ 603,646	\$ 57,850	\$ 18,628	\$ 27,376	\$ 60,497	\$ 767,997	\$ 0	\$ 0	\$ 2,505	\$ 0	\$ 0	\$ 2,505	\$ 770,502
Occupancy:													
Utilities	9,692	418	135	198	835	11,278	14,023	0	5,300	0	0	19,323	30,601
Property management	6,197	413	133	195	575	7,513	17,154	0	3,656	0	0	20,810	28,323
Repairs and maintenance	4,670	238	77	113	413	5,511	5,749	0	2,108	0	0	7,857	13,368
Insurance	10,781	1,033	333	489	1,090	13,726	0	0	6,883	0	0	6,883	20,609
Mortgage note interest	0	0	0	0	0	0	0	0	42,272	0	0	42,272	42,272
Depreciation	18,591	12,816	4,903	6,025	4,522	46,857	7,648	0	13,595	0	0	21,243	68,100
Postage	108	10	3	5	499	625	0	0	136	17	0	153	778
Professional service fees	106	0	0	0	0	106	0	0	53,054	284	0	53,338	53,444
Public relations & advertising	1,331	127	41	60	134	1,693	393	7,906	752	193	0	9,244	10,937
Office supplies	960	92	30	44	97	1,223	148	296	952	0	0	1,396	2,619
Technology & web related	569	55	17	26	57	724	3,100	2,249	842	0	0	6,191	6,915
National dues & committee	0	0	0	0	0	0	0	0	0	0	13,270	13,270	13,270
National meetings	1,425	137	43	65	145	1,815	0	0	0	0	0	0	1,815
Education chapter development	152	15	5	6	15	193	0	0	1,550	327	0	1,877	2,070
Chapter meetings	0	0	0	0	0	0	0	0	0	3,894	0	3,894	3,894
Bank and credit card fees	0	0	0	0	0	0	10,978	0	1,853	461	0	13,292	13,292
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,136</u>	<u>118</u>	<u>564</u>	<u>0</u>	<u>1,818</u>	<u>1,818</u>
Total Expenses	<u>\$ 658,228</u>	<u>\$ 73,204</u>	<u>\$ 24,348</u>	<u>\$ 34,602</u>	<u>\$ 68,879</u>	<u>\$ 859,261</u>	<u>\$ 59,193</u>	<u>\$ 11,587</u>	<u>\$ 135,576</u>	<u>\$ 5,740</u>	<u>\$ 13,270</u>	<u>\$ 225,366</u>	<u>\$1,084,627</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, 2023

	Program Services						Supporting Activities						
	Operation	Operation	Assault	Operation	Other	Total	THE		Management	Membership	Unallocated		Total
	School	Child In	Survivor			Program	ReSALE	Other			Payment for	Supporting	Total
	Bell ®	Need	Kits ®	Hug	Programs	Services	SHOP	Fundraising	& General	Development	National Dues	Activities	Expenses
Program supplies	\$ 411,046	\$ 139,939	\$ 19,085	\$ 25,512	\$ 102,871	\$ 698,453	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 698,453
Occupancy:													
Utilities	9,516	1,273	183	231	1,368	12,571	15,196	0	4,244	0	0	19,440	32,011
Property management	3,568	952	137	174	760	5,591	15,506	0	3,175	0	0	18,681	24,272
Repairs and maintenance	6,965	1,706	245	311	1,404	10,631	5,138	0	5,690	0	0	10,828	21,459
Insurance	6,105	2,078	299	379	1,535	10,396	0	0	5,213	0	0	5,213	15,609
Depreciation	17,947	12,372	4,733	5,817	4,365	45,234	7,382	0	13,123	0	0	20,505	65,739
Postage	266	136	0	0	462	864	0	0	177	56	0	233	1,097
Printing	0	0	0	0	0	0	0	0	0	2,328	0	2,328	2,328
Professional service fees	106	0	0	0	0	106	0	0	19,041	284	0	19,325	19,431
Public relations & advertising	0	0	0	0	0	0	5,009	0	4,952	367	0	10,328	10,328
Office supplies	1,503	512	74	93	378	2,560	0	0	1,749	0	0	1,749	4,309
Technology & web related	442	150	22	27	111	752	3,327	2,407	752	0	0	6,486	7,238
National dues & committee	0	0	0	0	0	0	0	0	0	0	14,520	14,520	14,520
Education chapter development	0	0	0	0	0	0	0	0	793	(43)	0	750	750
Chapter meetings	0	0	0	0	0	0	0	0	0	6,329	0	6,329	6,329
Bank and credit card fees	0	0	0	0	0	0	10,775	0	879	363	0	12,017	12,017
Other	0	0	0	0	0	0	0	1,230	88	869	0	2,187	2,187
Total Expenses	\$ 457,464	\$ 159,118	\$ 24,778	\$ 32,544	\$ 113,254	\$ 787,158	\$ 62,333	\$ 3,637	\$ 59,876	\$ 10,553	\$ 14,520	\$ 150,919	\$ 938,077

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 702,395	\$ 353,938
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Proceeds from contributions restricted for long-term purposes	(480,041)	0
Depreciation	68,100	65,739
Changes in assets and liabilities:		
Accounts receivable	(10,745)	(3,725)
Prepaid expenses	(51,388)	16,896
Thrift store inventories	(24,405)	(13,098)
Program supplies	39,495	(247,952)
Accounts payable	(10,055)	54,457
Deferred dues revenue	<u>1,575</u>	<u>(2,180)</u>
Net cash flows from operating activities	234,931	224,075
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment and improvements	<u>(959,753)</u>	<u>(8,382)</u>
Net cash flows from investing activities	(959,753)	(8,382)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from contributions restricted for long-term purposes	323,932	0
New borrowings of long-term debt	835,000	0
Principal payments of long-term debt	<u>(255,000)</u>	<u>0</u>
Net cash flows from financing activities	<u>903,932</u>	<u>0</u>
Net increase in cash and cash equivalents	179,110	215,693
Cash, beginning of year	<u>1,155,034</u>	<u>939,341</u>
Cash, end of year	\$ <u>1,334,144</u>	\$ <u>1,155,034</u>
<u>Supplemental disclosures of reconciliation of cash:</u>		
Unrestricted operating cash	\$ 1,265,727	\$ 1,155,034
Cash restricted for long-term purposes	<u>68,417</u>	<u>0</u>
	\$ <u>1,334,144</u>	\$ <u>1,155,034</u>
<u>Supplemental disclosures</u>		
Cash paid for interest on notes payable	\$ <u>42,272</u>	\$ <u>0</u>

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

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

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ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 1: NATURE OF ACTIVITIES

Assistance League of Kansas City is a nonprofit corporation organized under the laws of the State of Missouri. The accompanying financial statements include the activities of Assistance League of Kansas City and its Membership (collectively, the "Chapter"). The Chapter provides the following philanthropic programs:

- Assault Survivor Kits® provides personal care items for sexual assault survivors in hospital emergency rooms.
- I'm In Charge is a school curriculum which includes a DVD, student workbook and a facilitator guide for elementary -age students. This program focuses on safety in emergency and non-emergency situations when a child is alone at or on their own away from home.
- Operation Child In Need helps any child in our community whose family is unable to provide the things that would help their educational, physical or emotional development.
- Operation Hug distributes teddy bears to children in crisis and/or schools, nursing homes and homebound senior citizens.
- Operation School Bell® provides resources to assist K-12 students with clothing, hunger, literacy, health and supplies.
- Senior Outreach Service provides friendship and support to residents of area senior care facilities and/or homebound senior citizens.
- Scholarships are awarded to deserving candidates to assist them in paying for their post-secondary education and non-traditional education.
- Teens in Action (formerly Operation Celebration) focuses on meeting the needs of children in foster care and/or residing in temporary shelter facilities.

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.

B. 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.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reclassifications

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.

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. Financial Instruments and Credit Risk

The Chapter manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by the Board to be creditworthy. 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 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 \$0 and \$0 of bank balances in excess of federally insured limits as of May 31, 2024 and 2023, respectively. To date, the Chapter has not experienced any losses on such deposit accounts and believes it is not exposed to any significant credit risk on cash.

F. Promises to Give Receivable

Promises to give receivables are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the collection history with those having outstanding balances and current relationships with the donors, management has concluded that any uncollectible promise to give will be immaterial.

Unconditional promises to give receivables that are expected to be received within one year are recorded at their net realizable value. Unconditional promises to give receivables that are expected to be collected in future years are recorded at the present value of the estimated future cash flows, using either a risk-free interest rate or a borrowing rate on debt financing applicable to the year in which the contribution is made. Amortization of the discount is to be included in contribution revenue. However, the calculated discounting future cash flows using the borrowing rate for contribution promises received in the current year was considered immaterial and not performed.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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, 2024 and 2023, based on their short maturities and/or the terms available to the Chapter in financial markets.

H. 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.

I. 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.

J. 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, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Net Assets

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

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.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed into service.

The Chapter reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

L. Revenue and Revenue Recognition

The Chapter recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met and becomes unconditional.

Membership dues, which are nonrefundable, are comprised entirely of a contribution element and is recognized immediately. Payments are required at the start of the membership period; amounts received in advance are deferred to the applicable period. Due to the nature and timing of the performance and/or transfer of services, substantially all contract liabilities at May 31 of each year are recognized in the following year.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Chapter recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Chapter recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which increases the transparency regarding contributed nonfinancial assets through presentation and disclosure, both quantitative and qualitative. The standard requires the Chapter to present additional information regarding contributed nonfinancial assets. Donated assets are reflected as contributed nonfinancial assets at their estimated fair value when received. Such donations are reported as support without restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire long-lived assets are reported as restricted support. The Chapter's policy is to utilize the assets given to carry out the mission of the organization.

Contributed Services

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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, 2024, volunteers donated 67,171 hours with an estimated value of \$2,249,557, computed using an estimated hourly rate of \$33.49. During the year ended May 31, 2023, these volunteers donated 64,425 hours with an estimated value of \$2,048,715, computed using an estimated hourly rate of \$31.80. 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 15% for estimated fringe benefits.

N. Leases

The Chapter has adopted FASB ASC 842, *Leases*, with a date of initial application of June 1, 2022. For leases with a lease term greater than one year, the Chapter recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Chapter determines whether an arrangement is or contains a lease at contract inception. The Chapter includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Chapter has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Chapter had no significant long-term leases as of May 31, 2024.

The Chapter has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. 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, 2024 and 2023, the Chapter had no substantial uncertain income tax positions. Federal form 990 has been filed in a timely manner.

P. 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.

Q. Subsequent Events

Management has evaluated subsequent events through August 30, 2024, the date the financial statements were available to be issued.

NOTE 3: 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.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 3: LIQUIDITY RESOURCE MANAGEMENT (continued)

As of May 31, 2024, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 1,334,144
Promises to give receivables	156,109
Accounts receivable	<u>14,834</u>
Total financial assets	1,505,087
Less amounts <u>not</u> available to be used within one year:	
Cash restricted for long-term purposes	(68,417)
Promises to give receivables restricted for long-term purposes	<u>(156,109)</u>
Financial assets available	\$ <u>1,280,561</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 4: PROMISES TO GIVE RECEIVABLE

Unconditional promises to give receivable are estimated to be collected as follows as of May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Receivable due within one year	\$ 99,938	\$ 0
Receivable due in one to five years:		
2026	38,708	0
2027	17,463	0
2028	0	0
2029	0	0
Receivable due in more than five years	0	0
Allowance for uncollectible promises receivable	<u>0</u>	<u>0</u>
Total promises to give receivable, net	\$ <u>156,109</u>	\$ <u>0</u>

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 5: DONATED MERCHANDISE AND THRIFT STORE INVENTORIES

Significant household furnishings and merchandise 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 \$660,146 and \$617,185 for the years ended May 31, 2024 and 2023, respectively.

The Chapter's thrift store inventory held at the THE ReSALE SHOP was \$228,696 and \$204,291 as of May 31, 2024 and 2023, respectively.

NOTE 6: PROGRAM SUPPLIES ON HAND

Prepaid program supplies on hand consisted of the following as of May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operation Child in Need	\$ 8,955	\$ 649
Operation Hug	1,327	11,337
I'm In Charge materials	597	690
New clothing and shoe vouchers for use in its Operation School Bell program ®	365,563	426,625
Assault Survivor Kits (ASK) ®	23,077	19,521
Other program supplies	<u>37,027</u>	<u>17,399</u>
Total program supplies on hand	\$ <u>436,726</u>	\$ <u>476,221</u>

NOTE 7: CAPITAL ASSETS

Capital assets consisted of the following as of May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 416,018	\$ 416,018
Construction in progress	912,189	0
Land improvements	135,559	135,559
Buildings and improvements	1,738,676	1,694,026
Furniture and equipment	84,845	83,410
Technology related	<u>20,023</u>	<u>44,717</u>
Gross capital assets	3,307,310	2,373,730
Less accumulated depreciation	<u>(937,740)</u>	<u>(895,813)</u>
Total capital assets, net	\$ <u>2,369,570</u>	\$ <u>1,477,917</u>

Depreciation expense totaled \$68,100 and \$65,739 for the years ended May 31, 2024 and 2023, respectively. An additional building and improvements at 6006 N. Chestnut was not yet placed in service as of May 31, 2024, but is intended to be used primarily for Operation School Bell beginning in August 2024.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 8: NOTE PAYABLE

In September 2023, the Chapter purchased a new building for the Chapter's Operation School Bell program by financing \$835,000 through the financial institution; payable in monthly interest-only payments beginning October 2023 for 12 months followed by 47 monthly installments of \$9,097 beginning in October 2024, including calculated interest rate charged of 7.50%. The Chapter made an accelerated principal payment in May 2024 totaling \$255,000. The outstanding balance as of May 31, 2024 and 2023 was \$580,000 and \$0, respectively.

Subsequent to year-end, the Chapter made an accelerated principal payment totaling \$215,000.

Considering the accelerated principal payment, maturities of long-term debt are as follows:

<u>Year Ended May 31,</u>	<u>Total</u>
2025	\$ 270,453
2026	88,952
2027	95,857
2028	103,287
2029	<u>21,451</u>
Total	\$ <u>580,000</u>

Interest expense related to the agreement was \$42,272 and \$0 for the years ended May 31, 2024 and 2023, respectively.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

The Chapter's net assets with donor restrictions included the following purposes as of May 31:

	<u>2024</u>	<u>2023</u>
Scholarship Fund	\$ 22,240	\$ 0
Capital Campaign – new building renovations	254,590	0
Capital Campaign – THE ReSALE SHOP renovations	68,417	0
Capital Campaign – promises to give	<u>156,109</u>	<u>0</u>
Total Net assets with donor restrictions	\$ <u>501,356</u>	\$ <u>0</u>

The Chapter's net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ending May 31:

	<u>2024</u>	<u>2023</u>
Restricted purpose: scholarships awarded	\$ <u>5,000</u>	\$ <u>0</u>
Total net assets released from restrictions	\$ <u>5,000</u>	\$ <u>0</u>

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

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, 2024, 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	\$ 13,975	\$ 5,233	\$ 0	\$ 8,742
Step UP for Students mailer	<u>78,878</u>	<u>2,291</u>	<u>0</u>	<u>76,587</u>
	\$ <u>92,853</u>	\$ <u>7,524</u>	\$ <u>0</u>	\$ <u>85,329</u>

The revenue and expenses from events and activities for the year ending May 31, 2023, 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>	
Step UP for Students mailer	\$ <u>80,931</u>	\$ <u>6,125</u>	\$ <u>0</u>	\$ <u>74,806</u>
	\$ <u>80,931</u>	\$ <u>6,125</u>	\$ <u>0</u>	\$ <u>74,806</u>

NOTE 11: 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Senior Outreach Services	\$ 21,887	\$ 50,145
I’m in Charge	11,685	9,947
Scholarship	28,605	40,578
Outreach	0	3,273
Teens in Action	<u>7,775</u>	<u>9,311</u>
Total Other Programs Expenses	\$ <u>69,952</u>	\$ <u>113,254</u>

NOTE 12: TRANSACTION WITH NATIONAL ASSISTANCE LEAGUE

The Chapter annually remits a portion of its membership dues to the National Assistance League. For the years ended May 31, 2024 and 2023, the Chapter paid the National Assistance League \$13,270 and \$14,520, respectively. These payments are recorded as total national dues and are not allocated as a functional expense in the Statements of Activities.