

ASSISTANCE LEAGUE OF KANSAS CITY

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

May 31, 2023 and 2022

TABLE OF CONTENTS

Independent Auditor’s Report..... 1-2

FINANCIAL STATEMENTS:

Statements of Financial Position 3
Statements of Activities 4
Statement of Functional Expenses – 2023 5
Statement of Functional Expenses – 2022 6
Statements of Cash Flows 7
Notes to Financial Statements 8-17



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, 2023 and 2022, 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, 2023 and 2022, 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
July 21, 2023

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENTS OF FINANCIAL POSITION

As of May 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 1,155,034	\$ 939,341
Accounts receivable	4,089	364
Prepaid expenses	9,017	25,913
Thrift store inventories	204,291	191,193
Program supplies	<u>476,221</u>	<u>228,269</u>
Total Current Assets	1,848,652	1,385,080
<u>Noncurrent Assets</u>		
Capital assets, net	<u>1,477,917</u>	<u>1,535,274</u>
Total Noncurrent Assets	<u>1,477,917</u>	<u>1,535,274</u>
TOTAL ASSETS	<u>\$ 3,326,569</u>	<u>\$ 2,920,354</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payables	\$ 72,150	\$ 17,693
Deferred dues revenue	<u>19,440</u>	<u>21,620</u>
Total Current Liabilities	91,590	39,313
<u>Net Assets</u>		
Without donor restrictions	<u>3,234,979</u>	<u>2,881,041</u>
Total Net Assets	<u>3,234,979</u>	<u>2,881,041</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,326,569</u>	<u>\$ 2,920,354</u>

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

ASSISTANCE LEAGUE OF KANSAS CITY

STATEMENT OF ACTIVITIES
For the Years Ended May 31, 2023 and 2022

	2023	2022
	<u>Without Donor</u>	<u>Without Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>		
Fundraising:		
THE ReSALE SHOP revenue:		
Contributions of merchandise	\$ 617,185	\$ 578,239
Sales of donated merchandise	604,087	552,104
Less: Value of merchandise sold	<u>(604,087)</u>	<u>(552,104)</u>
Net revenue from THE ReSALE SHOP	617,185	578,239
Fundraising events and activities:		
Revenue	80,931	97,692
Less: Direct costs	<u>(6,125)</u>	<u>(5,720)</u>
Net revenue from other events and activities	<u>74,806</u>	<u>91,972</u>
Total net fundraising revenue	691,991	670,211
Contributions and grants	286,417	250,094
Noncash contributions	280,875	104,457
Membership dues	24,705	25,025
Interest	3,452	1,076
Other income	<u>4,575</u>	<u>2,935</u>
Total Support, Revenue & Other Income	1,292,015	1,053,798
<u>EXPENSES</u>		
Program Services:		
Operation School Bell ®	457,464	530,584
Operation Child In Need	159,118	178,323
Assault Survivor Kits ®	24,778	33,873
Operation Hug	32,544	24,131
Other programs	<u>113,254</u>	<u>73,922</u>
Total Program Services	787,158	840,833
Supporting Activities:		
THE ReSALE SHOP	62,333	63,011
Other fundraising	3,637	2,865
Management and general	59,876	47,486
Membership development	10,553	10,430
Unallocated payment for National Dues	<u>14,520</u>	<u>14,405</u>
Total Supporting Activities	<u>150,919</u>	<u>138,197</u>
Total Expenses	938,077	979,030
Change in net assets	353,938	74,768
NET ASSETS, beginning of year	<u>2,881,041</u>	<u>2,806,273</u>
NET ASSETS, end of year	<u>\$ 3,234,979</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 FUNCTIONAL EXPENSES For the Year Ended May 31, 2023

	Program Services						Supporting Activities						
	Operation	Operation	Assault			Total	THE				Unallocated	Total	
	School Bell ®	Child In Need	Survivor Kits ®	Operation Hug	Other Programs	Program Services	ReSALE SHOP	Other Fundraising	Management & General	Membership Development	Payment for National Dues	Supporting Activities	Total 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

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended May 31, 2022

	Program Services						Supporting Activities						
	Operation	Operation	Assault			Total	THE				Unallocated	Total	
	School	Child In	Survivor	Operation	Other	Program	ReSALE	Other	Management	Membership	Payment for	Supporting	Total
Bell ®	Need	Kits ®	Hug	Programs	Services	SHOP	Fundraising	& General	Development	National Dues	Activities	Expenses	
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

STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 353,938	\$ 74,768
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	65,739	72,317
Changes in assets and liabilities:		
Accounts receivable	(3,725)	(364)
Prepaid expenses	16,896	20,064
Thrift store inventories	(13,098)	(26,135)
Program supplies	(247,952)	61,218
Accounts payable	54,457	(7,073)
Deferred dues revenue	<u>(2,180)</u>	<u>80</u>
Net cash flows from operating activities	224,075	194,875
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment and improvements	<u>(8,382)</u>	<u>(8,187)</u>
Net cash flows from investing activities	<u>(8,382)</u>	<u>(8,187)</u>
Net increase in cash and cash equivalents	215,693	186,688
Cash and cash equivalents, beginning of year	<u>939,341</u>	<u>752,653</u>
Cash and cash equivalents, end of year	<u>\$1,155,034</u>	<u>\$ 939,341</u>

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

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS
May 31, 2023 and 2022

INDEX

- NOTE 1: NATURE OF ACTIVITIES
- NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- A. Basis of Accounting
 - B. Use of Estimates
 - C. Reclassifications
 - D. Cash and Cash Equivalents
 - E. Financial Instruments and Credit Risk
 - F. Fair Value Measurements
 - G. Thrift Shop Inventories
 - H. Program Supplies on Hand
 - I. Capital Assets
 - J. Net Assets
 - K. Revenue and Revenue Recognition
 - L. Noncash Contributions and Contributed Services
 - M. Leases
 - N. Income Tax Status
 - O. Functional Allocation of Expenses
 - P. Subsequent Events
- NOTE 3: LIQUIDITY RESOURCE MANAGEMENT
- NOTE 4: CASH AND CASH EQUIVALENTS
- NOTE 5: PROGRAM SUPPLIES ON HAND
- NOTE 6: CAPITAL ASSETS
- NOTE 7: DONATED MATERIALS AND MERCHANDISE
- NOTE 8: NET ASSETS
- NOTE 9: TRANSACTION WITH NATIONAL ASSISTANCE LEAGUE
- NOTE 10: OTHER PROGRAMS EXPENSE
- NOTE 11: FUNDRAISING EVENTS AND ACTIVITIES

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 and 2022

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.

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, 2023 and 2022

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 \$72,312 of bank balances in excess of federally insured limits as of May 31, 2023 and 2022, 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. 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, 2023 and 2022, 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, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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.

H. 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.

I. 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

J. 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.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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.

L. Noncash Contributions and Contributed Services

Noncash Contributions

Noncash contributions are recorded as in-kind contributions at their estimated fair value at the time of donation. 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.

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, 2023, volunteers donated 64,425 hours with an estimated value of \$2,048,715, computed using an estimated hourly rate of \$31.80. During the year ended May 31, 2022, these volunteers donated 54,828 hours with an estimated value of \$1,629,488, computed using an estimated hourly rate of \$29.72. 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.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Leases

The Chapter has adopted FASB ASC 842, *Leases*, with a date of initial application of May 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, 2023.

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.

N. 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, 2023 and 2022, the Chapter had no substantial uncertain income tax positions. Federal form 990 has been filed in a timely manner.

O. 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.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Subsequent Events

According to ASC 855-10, management has evaluated subsequent events to July 21, 2023, 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.

As of May 31, 2023 and 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,155,034	\$ 939,341
Accounts receivable	<u>4,089</u>	<u>364</u>
Total financial assets	<u>\$ 1,159,123</u>	<u>\$ 939,705</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: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 440	\$ 440
Checking and savings accounts	<u>1,154,594</u>	<u>938,901</u>
Total cash and cash equivalents	<u>\$1,155,034</u>	<u>\$ 939,341</u>

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 and 2022

NOTE 5: PROGRAM SUPPLIES ON HAND

Prepaid program supplies on hand consisted of the following as of May 31, 2023 and 2022:

	2023	2022
Operation Child in Need	\$ 649	\$ 11,089
Operation Hug	11,337	1,265
I'm In Charge materials	690	467
New clothing and shoe vouchers for use in its Operation		
School Bell program ®	426,625	190,742
Assault Survivor Kits (ASK) ®	19,521	16,592
Other program inventory	17,399	8,113
Total program supplies on hand	\$ 476,221	\$ 228,268

NOTE 6: CAPITAL ASSETS

Capital assets consisted of the following as of May 31, 2023 and 2022:

	2023	2022
Land	\$ 416,018	\$ 416,018
Land improvements	135,559	135,559
Buildings and improvements	1,694,026	1,691,970
Furniture and equipment	83,410	79,545
Technology related	44,717	42,256
Gross capital assets	2,373,730	2,365,348
Less accumulated depreciation	(895,813)	(830,074)
Total capital assets, net	\$ 1,477,917	\$ 1,535,274

Depreciation expense totaled \$65,739 and \$72,317 for the years ended May 31, 2023 and 2022, 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.

NOTE 7: DONATED MATERIALS AND MERCHANDISE

Significant materials 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 \$617,185 and \$578,239 for the years ended May 31, 2023 and 2022, respectively.

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 and 2022

NOTE 8: 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, 2023 and 2022.

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

	2023	2022
Restricted purpose: Child in Need program	\$ 41,440	\$ 49,315
Restricted purpose: Senior Outreach program	15,598	4,070
Restricted purpose: Scholarships	2,500	0
Restricted purpose: Operation School Bell program	130,475	91,310
Total restrictions met in the same period	\$ 190,013	\$ 144,695

NOTE 9: 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, 2023 and 2022, the Chapter paid the National Assistance League \$14,520 and \$14,405, respectively. These payments are recorded as total national dues and are not allocated as a functional expense in the Statements of Activities.

NOTE 10: 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, 2023 and 2022:

	2023	2022
Senior Outreach Services	\$ 50,145	\$ 27,775
I’m in Charge	9,947	5,004
Scholarship	40,578	33,448
Outreach	3,273	379
Assisteens	9,311	7,316
Total Other Programs Expenses	\$ 113,254	\$ 73,922

ASSISTANCE LEAGUE OF KANSAS CITY

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 and 2022

NOTE 11: 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, 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>

The revenue and expenses from 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
Set 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>