

ASSISTANCE LEAGUE OF TUCSON, INC
INDEX TO AUDITED FINANCIAL STATEMENTS
APRIL 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Assistance League of Tucson, Inc.
Tucson, Arizona

We have audited the accompanying financial statements of Assistance League of Tucson, Inc. (a nonprofit organization), which comprise the statement of financial position as of April 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance League of Tucson, Inc. as of April 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

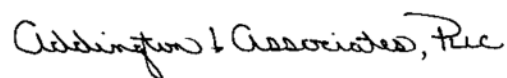
We have previously audited the Assistance League of Tucson, Inc.'s April 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended

April 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental consolidating statement of activities on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

December 16, 2020


ADDINGTON & ASSOCIATES, PLLC

ASSISTANCE LEAGUE OF TUCSON, INC.
STATEMENT OF FINANCIAL POSITION
April 30, 2020
(with summarized financial information for April 30, 2019)

ASSETS	2020	2019
Cash and cash equivalents	\$ 649,268	\$ 685,802
Prepaid expenses	27,632	26,115
Inventories	217,758	215,784
Investment in Community Foundation of Southern Arizona	30,267	29,989
Investments - other	436,418	414,570
Property and equipment, net	1,245,231	1,259,507
Total assets	\$ 2,606,574	\$ 2,631,767
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 48,053	\$ 29,843
Deferred dues revenue	10,780	12,719
Other deferred revenue	-	1,380
Total liabilities	58,833	43,942
Net assets:		
Net assets without donor restrictions		
Designated for future capital expenditures	75,000	75,000
Expended for property and equipment	1,245,231	1,259,507
Undesignated	1,208,678	1,234,486
	2,528,909	2,568,993
Net assets with donor restrictions	18,832	18,832
Total net assets	2,547,741	2,587,825
Total liabilities and net assets	\$ 2,606,574	\$ 2,631,767

See accompanying notes

ASSISTANCE LEAGUE OF TUCSON, INC.
STATEMENT OF ACTIVITIES
For the year ended April 30, 2020
(with summarized financial information for the year ended April 30, 2019)

	Year ended April 30, 2020			Year ended
	Without Donor Restrictions	With Donor Restrictions	Total	April 30, 2019 Totals
SUPPORT AND REVENUES:				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 491,863	\$ -	\$ 491,863	\$ 617,931
Sales of donated merchandise	532,952	-	532,952	578,912
Less: value of merchandise	(532,952)	-	(532,952)	(578,912)
Net revenue from thrift shop	491,863	-	491,863	617,931
Fundraising events and activities:				
Revenue	-	-	-	29,810
Less: Direct costs	38	-	38	(13,793)
Net revenue from fundraising events and activities	38	-	38	16,017
Contributions and grants	303,614	-	303,614	251,059
Membership	21,730	-	21,730	23,455
Interest income	18,212	-	18,212	12,681
Other income	6,614	-	6,614	3,103
Net assets released from restrictions:				
Satisfaction of purpose restrictions	-	-	-	-
Total support and revenues	842,071	-	842,071	924,246
EXPENSES:				
Program services				
Operation School Bell @	437,189	-	437,189	405,279
Starting over supplies	108,350	-	108,350	105,024
Assisteens helping Tucson teens	20,062	-	20,062	34,209
Assault survivor kits	27,713	-	27,713	28,605
Teddy bear program	19,354	-	19,354	23,947
Other program	2,802	-	2,802	788
Total program services	615,470	-	615,470	597,852
Supporting services				
Fundraising events and activities:				
Thrift shop	65,863	-	65,863	68,915
Fundraising events and activities indirect costs	223	-	223	1,308
Management and general	188,403	-	188,403	185,396
Membership development	12,196	-	12,196	11,643
Total supporting services expenses	266,685	-	266,685	267,262
Total expenses	882,155	-	882,155	865,114
Changes in net assets	(40,084)	-	(40,084)	59,132
NET ASSETS, BEGINNING OF YEAR	2,568,993	18,832	2,587,825	2,528,693
NET ASSETS, END OF YEAR	\$ 2,528,909	\$ 18,832	2,547,741	2,587,825

See accompanying notes

ASSISTANCE LEAGUE OF TUCSON, INC.
STATEMENT OF CASH FLOWS
For the year ended April 30, 2020
(with summarized financial information for the year ended April 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (40,084)	\$ 59,132
Adjustments to reconcile change in net assets to cash and cash equivalents provided by (used) in operating activities:		
Depreciation	46,486	47,977
Change in asset and liability accounts		
(Increase) decrease in assets:		
Accounts receivable	-	(25,567)
Prepaid expenses	(1,517)	(43,000)
Inventories	(1,974)	(44,559)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	18,210	(26,720)
Deferred dues revenue	(1,939)	1,714
Other deferred revenue	(1,380)	330
	<u>17,802</u>	<u>(30,693)</u>
Cash and cash equivalents provided (used) by operating activities		
Cash flows from investing activities:		
Purchase of fixed assets	(32,210)	-
Purchase of investments, net	(22,126)	-
	<u>(54,336)</u>	<u>-</u>
Cash and cash equivalents (used) by investing activities		
Increase (decrease) in cash and cash equivalents	(36,534)	(30,693)
Cash and cash equivalents, beginning	<u>685,802</u>	<u>716,495</u>
Cash and cash equivalents, ending	<u>\$ 649,268</u>	<u>\$ 685,802</u>
Supplemental disclosure of cash flow information:		
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes

ASSISTANCE LEAGUE OF TUCSON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended April 30, 2020
(with summarized financial information for the year ended April 30, 2019)

	Program Services						Supporting Services					Year Ended	Year Ended	
	Operation School Bell	Starting Over Supplies	Assistees Helping Tucson Teens	Assault Survivor Kits	Teddy Bear Program	Other Programs	Total Program	Thrift Shop	Fundraising events	Management and general	Membership development	Total supporting services	April 30, 2020 Total expenses	April 30, 2019 Total expenses
Program supplies and bus rental	\$ 392,342	\$ 96,915	\$ 19,987	\$ 27,663	\$ 16,368	\$ 2,802	\$ 556,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 556,077	\$ 538,245
In-kind expense	5,801	-	-	-	-	-	5,801	-	-	896	-	896	6,697	-
Insurance (Directors, Cyber)	-	-	-	-	-	-	-	-	-	3,425	-	3,425	3,425	3,316
Occupancy:														
Utilities and monthly services	11,602	4,309	-	33	630	-	16,574	19,484	-	28,845	-	48,329	64,903	58,795
Repairs and maintenance	1,730	639	-	5	93	-	2,467	2,115	-	11,217	-	13,332	15,799	11,127
Insurance	4,006	1,488	-	12	218	-	5,724	9,339	-	2,438	-	11,777	17,501	18,330
Depreciation	19,175	4,346	-	-	2,045	-	25,566	15,340	-	5,578	-	20,918	46,484	47,977
Office supplies and equipment	779	583	-	-	-	-	1,362	-	38	13,099	-	13,137	14,499	16,022
National dues	-	-	-	-	-	-	-	-	-	-	10,230	10,230	10,230	11,175
Education	1,561	-	-	-	-	-	1,561	-	-	7,755	1,847	9,602	11,163	980
Postage	107	-	75	-	-	-	182	43	-	3,456	13	3,512	3,694	2,177
Printing	36	-	-	-	-	-	36	-	-	9,794	-	9,794	9,830	13,586
Professional services	50	50	-	-	-	-	100	-	-	43,135	-	43,135	43,235	42,112
Public relations and advertising	-	-	-	-	-	-	-	617	-	38,447	-	39,064	39,064	17,685
Officers and Committees	-	-	-	-	-	-	-	-	-	490	-	490	490	1,488
Awards and Recognition	-	-	-	-	-	-	-	-	-	1,626	-	1,626	1,626	1,637
Meeting Expenses, Chapter and Auxiliary	-	-	-	-	-	-	-	-	-	1,136	-	1,136	1,136	1,156
Facility, food, entertainment, equipment rental	-	-	-	-	-	-	-	-	-	-	-	-	-	9,534
Raffle and Auction Prizes	-	-	-	-	-	-	-	-	-	-	-	-	-	4,259
Donation processing expense	-	-	-	-	-	-	-	-	-	-	-	-	-	7,216
Sales floor expense	-	-	-	-	-	-	-	-	-	-	-	-	-	2,887
Selling Expense	-	-	-	-	-	-	-	2,878	-	-	-	2,878	2,878	-
Hauling	-	-	-	-	-	-	-	10,028	-	-	-	10,028	10,028	3,634
Other Thrift Shop Expense	-	-	-	-	-	-	-	6,019	-	-	-	6,019	6,019	-
Facilities and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	45,149
Credit card fees	-	-	-	-	-	-	-	-	-	13,226	-	13,226	13,226	12,141
Other fees, licenses	-	20	-	-	-	-	20	-	-	1,150	-	1,150	1,170	1,476
Other	-	-	-	-	-	-	-	-	223	2,690	106	3,019	3,019	6,803
Cost of Merchandise sold	-	-	-	-	-	-	-	532,952	-	-	-	532,952	532,952	578,912
Total expenses	437,189	108,350	20,062	27,713	19,354	2,802	615,470	598,815	261	188,403	12,196	799,675	1,415,145	1,457,819
Less expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	(38)	-	-	(38)	(38)	(13,793)
Cost of merchandise sold	-	-	-	-	-	-	-	(532,952)	-	-	-	(532,952)	(532,952)	(578,912)
Total expenses per statement of activities	\$ 437,189	\$ 108,350	\$ 20,062	\$ 27,713	\$ 19,354	\$ 2,802	\$ 615,470	\$ 65,863	\$ 223	\$ 188,403	\$ 12,196	\$ 266,685	\$ 882,155	\$ 865,114

See accompanying notes

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

1. Organization

Assistance League of Tucson, Inc. (the Chapter) is an Arizona nonprofit corporation and is a chartered chapter of National Assistance League®. The accompanying financial statements include the activities of Assistance League of Tucson and its auxiliary Assisteens® (collectively, the Chapter). The Chapter provides the following programs:

- **Operation School Bell®** provides disadvantaged children in Tucson with appropriate clothing to encourage regular school attendance and increase self-esteem. Students from Tucson area Title 1 elementary and middle schools receive new school clothing and books.
- **Hooked on Books**, part of Operation School Bell, works with several Tucson Title 1 schools to provide libraries and classrooms with books and literacy supplies needed to support their classes.
- **Starting Over Supplies** enables people leaving shelters or abusive home situations to live independently again. Working with social service agencies, this program provides new basic household supplies to individuals and families who are starting over.
- **Assault Survivor Kits®** works to reduce some of the trauma of sexual assault in our community, to help restore dignity to the victim and to allow the healing process to begin by providing a change of clothes, toiletries and snacks to victims. Assistance League joins with the Southern Arizona Center Against Sexual Assault (SACASA), Southern Arizona Child Advocacy Center (SACAC), and EMERGE! Center Against Domestic Abuse to respond to the needs of victims of sexual assault in our community.
- **Teddy Bear Program** provides child-safe teddy bears to comfort children in emotional or physical crisis through service organizations, such as law enforcement, grief counseling and hospitals.
- **Assisteens® Helping Tucson Teens** provides support to Title 1 middle schools through donations of supplies to the arts, music and physical education departments of selected schools in the Tucson area.

The chapter's support and revenues come primarily from contributions and other fundraising efforts including fundraising events and operation of a thrift shop.

2. Summary of significant accounting policies

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 (US GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

2. Summary of significant accounting policies – continued

Basis of presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the chapter is required to report information regarding its financial position and activities in two classes of net assets:

- *Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions or law.
- *Net assets with donor restrictions* are 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 without restrictions. Net assets whose use is limited by donor-imposed restrictions are recorded as net assets with restrictions and are released from restrictions when donor stipulations have been met.

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.

Change in accounting principles

In fiscal year 2020, the Organization adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) and ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). Analysis of various provisions of these updates resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

The Organization also implemented the provisions of ASU 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash, which was effective for the Organization’s fiscal year ending June 30, 2020. ASU 2016-18 requires that restricted cash and cash equivalents be included in beginning and ending cash in the Statement of Cash Flows. The adoption of ASU 2016-18 resulted in no reclassifications in the Statement of Cash Flows for the year ended April 30, 2020.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the chapter’s (audited or reviewed) financial statements for the year ended April 30, 2020, from which the summarized information was derived.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

2. Summary of significant accounting policies – continued

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Cash and cash equivalents

Cash and cash equivalents include cash held in checking and money market accounts, time deposits, and all highly liquid investments with original maturities of three months or less.

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 and certificates of deposits, approximate the carrying values at April 30, 2020, based on their short maturities and/or the terms available to the Chapter in financial markets.

Investments - other

Investments - other consists solely of certificates of deposit and are carried at cost, which approximates fair value. Certificates of deposit are held at a brokerage and bear interest ranging from 1.00% to 2.65% at April 30, 2020. The certificates have laddered maturities ranging from September 2020 to March 2022 with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect to the financial statements. Income earned on the certificates of deposit totaling \$16,645 for the year ended April 30, 2020.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

2. Summary of significant accounting policies – continued

Investments

Investments consist solely of amounts held by the Community Foundation for Southern Arizona and are stated at fair value.

Promises to give

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories

The Chapter maintains an inventory of new clothing for use in Operation School Bell®, household items for Starting Over Supplies (SOS), and various items for use by other programs. These inventories are stated at the lower of cost or market determined by the first-in, first-out method. In addition, the chapter also maintains an inventory of used clothing and household items donated by chapter members and others for resale by a thrift shop operated by the chapter, which is stated at its estimated fair value.

Concentrations of credit and market risk

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash, cash equivalents and certificates of deposit. 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. At April 30, 2020 the Chapter had no uninsured balances at these institutions. The Chapter has not experienced any losses on its cash or cash equivalents.

Property and equipment

The Chapter capitalizes expenditures for property and equipment in excess of \$500 and with a useful life greater than one year. Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. 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 39 years
Furniture and equipment	5 to 10 years

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.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

2. Summary of significant accounting policies – continued

Revenue and revenue recognition

The Organization recognizes contributions when cash, securities, other assets or an unconditional promise to give 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 met.

Membership dues collected prior to the fiscal year to which they apply are deferred and recognized as revenue over the period to which the dues relate.

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 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.

Donated materials, services and free use of facilities

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.

In addition, 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 April 30, 2020, these volunteers donated approximately 40,364 hours with an estimated value of \$1,078,122. This value was computed using an estimated hourly rate of \$26.71, based upon the average hourly earnings of nonagricultural workers for the prior twelve months, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

Advertising

The Chapter expenses all advertising costs as incurred. Purchased advertising expenses totaled \$39,064 for the year ended April 30, 2020.

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 Arizona income taxes under Section 43-1201 of the Arizona Revised Statutes.

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

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

2. Summary of significant accounting policies – continued

Tax status - continued

tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of April 30, 2020 the Chapter had no substantial uncertain income tax positions. The Chapter's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, from the date the returns are filed.

3. Cash and cash equivalents

Cash and cash equivalents at April 30, 2020 consisted of the following:

Petty Cash	\$	880
Paypal		5,179
Checking:		
Pacific Premier Bank		74,845
Chase Bank		63,786
Northern Trust		187,443
Total Checking accounts		326,074
Savings:		
Chase Bank		143,226
Pacific Premier Bank		94,875
Merrill Lunch		79,034
Total savings account		317,135
Total cash and cash equivalents	\$	649,268

4. Inventories

Inventories at April 30, 2020 consisted of the following:

New clothing and shoes for use in Operation School Bell Program	\$	69,408
Household goods and supplies for use in SOS Program		40,745
Clothing and toiletries for use in ASK Program		532
Teddy bears for use in Teddy Bear Program		8,466
Used clothing and household items held for sale at thrift shop		98,607
Total inventories	\$	217,758

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

5. Investments - Community Foundation for Southern Arizona

The Chapter has an investment in the Community Foundation for Southern Arizona for \$30,267 at April 30, 2020, stated at fair value. See Note 7 for a discussion of the fair value of the investment and gains and losses on investments.

6. Fair value measurements

The Chapter utilizes the fair value hierarchy required by ASC 820, which prioritizes the inputs to valuation techniques used to measure fair value into three levels (See Note 1 for a discussion of the levels).

The Chapter defines active markets for equity instruments based on the average daily trading volume both in absolute terms and relative to the market capitalization for the instrument. The Chapter defines active markets for debt instruments based on both the average daily trading volume and the number of days with trading activity.

The investment held at the Community Foundation for Southern Arizona (“CFSA”) is categorized as Level 3 due to the lack of a market in which the Chapter’s units of participation in CFSA’s pooled investments could be bought or sold. The Chapter measures the fair value of its beneficial interest by taking its proportionate share of the fair value of the underlying assets.

The following table represents the Chapter’s financial assets that are measured at fair value on a recurring basis as of April 30, 2020:

Description	Level 1	Level 2	Level 3	Total
Community Foundation for Southern Arizona	\$ -	\$ -	\$ 30,267	\$ 30,267
Total Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,267</u>	<u>\$ 30,267</u>

The table below sets forth a summary of changes in the fair value of the Chapter’s Level 3 asset measured at fair value on a recurring basis for the year ended April 30, 2020:

Community Foundation for Southern Arizona:

Balance, beginning of year	\$ 29,989
Additional investment	-
Total investment income/(loss)	773
Distributions and fees	<u>(495)</u>
Balance, end of year	<u>\$ 30,267</u>

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

7. Property and equipment

Property and equipment consisted of the following at April 30, 2020:

Land	\$ 436,616
Buildings and improvements	2,165,694
Furniture and equipment	125,484
Less accumulated depreciation	<u>(1,482,563)</u>
Property and equipment, net	<u><u>\$ 1,245,231</u></u>

8. Leases

The Chapter has a lease for office equipment that expires in January 2022. Rental expense under the lease was \$1,908 for the year ended April 30, 2020. Future minimum payments for the years ending April 30, 2021 are \$1,908 and \$1,431 for the year ended April 30, 2022.

9. Net Assets

At April 30, 2020, net assets were restricted by donors or designated by the governing board as follows:

Net assets without donor restrictions	
Designated for future capital expenditures	\$ 75,000
Expended for property and equipment	1,245,231
Undesignated	<u>1,208,678</u>
Total net assets without donor restrictions	2,528,909
Net assets with donor restrictions	
Philanthropic building expenditures	<u>18,832</u>
Total net assets with donor restrictions	18,832
Total net assets	<u><u>\$ 2,547,741</u></u>

10. Liquid 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 TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

10. Liquid resource management – continued

As of April 30, 2020 the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 649,268
Investment not encumbered by donor restrictions	466,685
Less: Board designated - future capital expenditures	(75,000)
Less: Donor restricted for philanthropic building expenditures	(18,832)
Financial assets available for general expenditures over next 12-months	<u>\$ 1,022,121</u>

Assets held for the Chapter's board designated for capital expenditures have been excluded from the total above, although those assets could be undesignated by the governing board to meet cash needs if necessary.

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.

To build upon its past achievements and ensure future sustainability, the chapter has a long- standing policy that requires the governing board to maintain net assets without restrictions sufficient for one year's operating expenses. Assets held for the chapter's board designated building reserve have been excluded from the total above, although those assets could be undesignated by the governing board to meet cash needs if necessary. However, 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 April 30, 2020.

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 and thrift shop inventories and prepaid expenses.

11. Noncash contributions

During the year ended April 30, 2020, in addition to contributions of merchandise to the chapter's thrift shop, the chapter received noncash donations to Operation School Bell® valued at \$5,801.

12. Functionalized expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis.

13. Subsequent events

Effect of COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the increase or decrease in net assets. Other financial impacts could occur though such impact is unknown at this time.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020 - continued

13. Subsequent events - continued

Management's review of the financial statements

The Organization has evaluated subsequent events through December 16, 2020, which represents the date the accompanying financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

ASSISTANCE LEAGUE OF TUCSON, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended April 30, 2020

	<u>Chapter</u>	<u>Assisteens</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUES:				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 491,863	\$ -	\$ -	\$ 491,863
Sales of donated merchandise	532,952	-	-	532,952
Less: value of merchandise	(532,952)	-	-	(532,952)
Net revenue from thrift shop	<u>491,863</u>	<u>-</u>	<u>-</u>	<u>491,863</u>
Fundraising events and activities:				
Revenue	-	-	-	-
Less: Direct costs	-	38	-	38
Net revenue from fundraising events and activities	<u>-</u>	<u>38</u>	<u>-</u>	<u>38</u>
Contributions and grants	303,614	-	-	303,614
Membership	21,730	-	-	21,730
Interest income	18,212	-	-	18,212
Other income	6,614	-	-	6,614
Total support and revenues	<u>842,033</u>	<u>38</u>	<u>-</u>	<u>842,071</u>
EXPENSES:				
Program services				
Operation School Bell @	437,189	-	-	437,189
Starting over supplies	108,350	-	-	108,350
Assisteens helping Tucson teens	-	20,062	-	20,062
Assault survivor kits	27,713	-	-	27,713
Teddy bear program	19,354	-	-	19,354
Other program	2,802	-	-	2,802
Total program services	<u>595,408</u>	<u>20,062</u>	<u>-</u>	<u>615,470</u>
Supporting services				
Fundraising events and activities:				
Thrift shop	65,863	-	-	65,863
Fundraising events and activities indirect costs	-	223	-	223
Management and general	188,403	-	-	188,403
Membership development	12,196	-	-	12,196
Total supporting services expenses	<u>266,462</u>	<u>223</u>	<u>-</u>	<u>266,685</u>
Total Expenses	<u>861,870</u>	<u>20,285</u>	<u>-</u>	<u>882,155</u>
Changes in net assets	(19,837)	(20,247)	-	(40,084)
NET ASSETS, BEGINNING OF YEAR	<u>2,552,343</u>	<u>35,482</u>	<u>-</u>	<u>2,587,825</u>
NET ASSETS, END OF YEAR	<u>\$ 2,532,506</u>	<u>\$ 15,235</u>	<u>\$ -</u>	<u>\$ 2,547,741</u>