

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**INDEX TO AUDITED FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

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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, 2021, 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, 2021, 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**

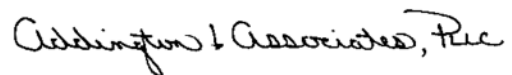
We have previously audited the Assistance League of Tucson, Inc.'s April 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended

April 30, 2020, 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.

October 22, 2021

  
**ADDINGTON & ASSOCIATES, PLLC**

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**April 30, 2021**  
**(with summarized financial information for April 30, 2020)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 583,943	\$ 649,268
Accounts receivable	6,677	-
Prepaid expenses	36,885	27,632
Inventories	205,526	217,758
Investment in Community Foundation of Southern Arizona	34,928	30,267
Investments - other	442,069	436,418
Property and equipment, net	1,208,737	1,245,231
<b>Total assets</b>	<b>\$ 2,518,765</b>	<b>\$ 2,606,574</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 39,965	\$ 48,053
Deferred dues revenue	12,350	10,780
Other deferred revenue	4,390	-
Total liabilities	56,705	58,833
Net assets:		
Net assets without donor restrictions		
Designated for future capital expenditures	75,000	75,000
Expended for property and equipment	1,208,737	1,245,231
Undesignated	1,165,691	1,208,678
	2,449,428	2,528,909
Net assets with donor restrictions	12,632	18,832
Total net assets	2,462,060	2,547,741
<b>Total liabilities and net assets</b>	<b>\$ 2,518,765</b>	<b>\$ 2,606,574</b>

See accompanying notes

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended April 30, 2021**  
(with summarized financial information for the year ended April 30, 2020)

	Year ended April 30, 2021			Year ended
	Without Donor Restrictions	With Donor Restrictions	Total	April 30, 2020 Totals
<b>SUPPORT AND REVENUES:</b>				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 363,363	\$ -	\$ 363,363	\$ 491,863
Sales of donated merchandise	309,395	-	309,395	532,952
Less: value of merchandise	(309,395)	-	(309,395)	(532,952)
Net revenue from thrift shop	<u>363,363</u>	<u>-</u>	<u>363,363</u>	<u>491,863</u>
Fundraising events and activities:				
Revenue	9,566	-	9,566	0
Less: Direct costs	(3,686)	-	(3,686)	38
Net revenue from fundraising events and activities	<u>5,880</u>	<u>-</u>	<u>5,880</u>	<u>38</u>
Contributions and grants	259,928	-	259,928	303,614
Membership	22,050	-	22,050	21,730
Interest income	8,573	-	8,573	18,212
Other income	2,662	-	2,662	6,614
Net assets released from restrictions:				
Satisfaction of purpose restrictions	6,200	(6,200)	-	-
Total support and revenues	<u>668,656</u>	<u>(6,200)</u>	<u>662,456</u>	<u>842,071</u>
<b>EXPENSES:</b>				
<b>Program services</b>				
Operation School Bell @	341,526	-	341,526	437,189
Starting over supplies	94,481	-	94,481	108,350
Assistees helping Tucson teens	14,543	-	14,543	20,062
Assault survivor kits	23,353	-	23,353	27,713
Teddy bear program	11,852	-	11,852	19,354
Other program	1,205	-	1,205	2,802
Total program services	<u>486,959</u>	<u>-</u>	<u>486,959</u>	<u>615,470</u>
<b>Supporting services</b>				
Fundraising events and activities:				
Thrift shop	101,195	-	101,195	65,863
Fundraising events and activities indirect costs	3,683	-	3,683	223
Management and general	144,277	-	144,277	188,403
Membership development	12,023	-	12,023	12,196
Total supporting services expenses	<u>261,178</u>	<u>-</u>	<u>261,178</u>	<u>266,685</u>
Total expenses	<u>748,137</u>	<u>-</u>	<u>748,137</u>	<u>882,155</u>
Changes in net assets	(79,481)	(6,200)	(85,681)	(40,084)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,528,909</u>	<u>18,832</u>	<u>2,547,741</u>	<u>2,587,825</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,449,428</u>	<u>\$ 12,632</u>	<u>2,462,060</u>	<u>2,547,741</u>

See accompanying notes

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended April 30, 2021**  
**(with summarized financial information for the year ended April 30, 2020)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (85,681)	\$ (40,084)
Adjustments to reconcile change in net assets to cash and cash equivalents provided by (used) in operating activities:		
Depreciation	42,693	46,486
Change in asset and liability accounts		
(Increase) decrease in assets:		
Accounts receivable	(6,677)	-
Prepaid expenses	(9,253)	(1,517)
Inventories	12,232	(1,974)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(8,087)	18,210
Deferred dues revenue	1,570	(1,939)
Other deferred revenue	4,390	(1,380)
	<u>(48,813)</u>	<u>17,802</u>
Cash flows from investing activities:		
Purchase of fixed assets	(6,200)	(32,210)
Purchase of investments, net	(10,312)	(22,126)
	<u>(16,512)</u>	<u>(54,336)</u>
Cash and cash equivalents (used) by investing activities		
	<u>(65,325)</u>	<u>(36,534)</u>
Cash and cash equivalents, beginning	<u>649,268</u>	<u>685,802</u>
Cash and cash equivalents, ending	<u>\$ 583,943</u>	<u>\$ 649,268</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, 2021**  
**(with summarized financial information for the year ended April 30, 2020)**

	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, 2021 Total expenses	April 30, 2020 Total expenses
Program supplies	\$ 302,171	\$ 83,314	\$ 14,460	\$ 23,299	\$ 7,696	\$ 1,205	\$ 432,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432,144	\$ 556,077
In-kind expense	-	-	-	-	-	-	-	-	3,315	-	-	3,315	3,315	6,697
Insurance (Directors, Cyber)	-	-	-	-	-	-	-	-	-	3,540	-	3,540	3,540	3,425
Occupancy:														
Utilities and monthly services	13,271	4,929	-	38	720	-	18,958	18,555	-	20,205	-	38,760	57,718	64,903
Repairs and maintenance	1,427	530	-	4	78	-	2,039	4,197	-	6,814	-	11,011	13,050	15,799
Insurance	4,334	1,610	-	12	236	-	6,192	10,104	-	2,638	-	12,742	18,934	17,501
Depreciation	17,611	3,992	-	-	1,878	-	23,481	14,089	-	5,123	-	19,212	42,693	46,484
Office supplies and equipment	526	61	-	-	36	-	623	1,239	-	16,412	-	17,651	18,274	14,499
National dues	-	-	-	-	-	-	-	-	-	-	9,925	9,925	9,925	10,230
Training and Education														
NAL Leadership and Treasurer Training	41	-	-	-	-	-	41	-	-	733	786	1,519	1,560	1,755
Other Education Expense	-	-	-	-	-	-	-	-	-	93	-	93	93	9,408
Postage	114	-	83	-	189	-	386	-	460	738	14	1,212	1,598	3,694
Printing	1,910	-	-	-	1,012	-	2,922	-	3,205	4,783	-	7,988	10,910	9,830
Professional services	121	45	-	-	7	-	173	26,800	-	37,955	-	64,755	64,928	43,235
Marketing	-	-	-	-	-	-	-	753	-	34,776	-	35,529	35,529	39,064
Officers and Committees	-	-	-	-	-	-	-	-	-	681	-	681	681	490
Awards and Recognition	-	-	-	-	-	-	-	-	-	1,934	-	1,934	1,934	1,626
Meeting Expenses, Chapter and Auxiliary	-	-	-	-	-	-	-	-	-	90	-	90	90	1,136
Background Checks	-	-	-	-	-	-	-	-	-	-	1,298	1,298	1,298	106
Selling Expense	-	-	-	-	-	-	-	6,050	-	-	-	6,050	6,050	2,878
Hauling	-	-	-	-	-	-	-	15,417	-	-	-	15,417	15,417	10,028
Other Thrift Shop Expense	-	-	-	-	-	-	-	3,961	-	-	-	3,961	3,961	6,019
Credit card fees	-	-	-	-	-	-	-	-	-	6,840	-	6,840	6,840	13,226
Other fees, licenses	-	-	-	-	-	-	-	-	-	908	-	908	908	1,170
Other	-	-	-	-	-	-	-	30	389	14	-	433	433	2,913
Cost of Merchandise sold	-	-	-	-	-	-	-	309,395	-	-	-	309,395	309,395	532,952
<b>Total expenses</b>	<b>341,526</b>	<b>94,481</b>	<b>14,543</b>	<b>23,353</b>	<b>11,852</b>	<b>1,205</b>	<b>486,959</b>	<b>410,590</b>	<b>7,369</b>	<b>144,277</b>	<b>12,023</b>	<b>574,259</b>	<b>1,061,218</b>	<b>1,415,145</b>
Less expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	(3,686)	-	-	(3,686)	(3,686)	(38)
Cost of merchandise sold	-	-	-	-	-	-	-	(309,395)	-	-	-	(309,395)	(309,395)	(532,952)
<b>Total expenses per statement of activities</b>	<b>\$ 341,526</b>	<b>\$ 94,481</b>	<b>\$ 14,543</b>	<b>\$ 23,353</b>	<b>\$ 11,852</b>	<b>\$ 1,205</b>	<b>\$ 486,959</b>	<b>\$ 101,195</b>	<b>\$ 3,683</b>	<b>\$ 144,277</b>	<b>\$ 12,023</b>	<b>\$ 261,178</b>	<b>\$ 748,137</b>	<b>\$ 882,155</b>

See accompanying notes

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021**

**1. Organization**

Assistance League of Tucson, Inc. 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, 2021 - 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 May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Chapter adopted this standard for its fiscal year ending 2021. The adoption of this standard did not materially impact the Chapter's financial position.

*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, 2021 - 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, certificates of deposit and all highly liquid investments with original maturities of three months or less. Cash and highly liquid financial instruments which are either held for or restricted to long-term purposes are excluded from this definition.

*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, 2021, 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 2.00% at April 30, 2021. The certificates have laddered maturities ranging from September 2021 to March 2023 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 totaled \$7,700 for the year ended April 30, 2021.

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 - continued**

**2. Summary of significant accounting policies – continued**

*Investments*

Investments consist solely of amounts held by the Community Foundation for Southern Arizona (CFSA) 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 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*

The Chapter operates in Tucson, Arizona and is dependent upon the local economy. In January 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a Public Health Emergency of International Concern. The outbreak of COVID-19 has caused business disruptions to local, domestic, and global economies. The Chapter complied with local and state health orders that resulted in intermitted closures to its operations during its fiscal year ending April 30, 2021.

Exposure to credit and market risks is related primarily to bank balances, cash equivalents and securities held at CFSA.

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, 2021, the Chapter had no uninsured balances at these institutions. The Chapter has not experienced any losses on its cash or cash equivalents. The Chapter's investments do not represent significant concentrations of market risk inasmuch as the Chapter's investment portfolio is adequately diversified among issuers.

*Property and equipment*

Property and equipment additions over \$500 are recorded at cost, or if donated, at fair value on the date of donation. 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:

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 - continued**

**2. Summary of significant accounting policies – continued**

*Property and equipment, continued*

Buildings and improvements	10 to 39 years
Furniture and equipment	5 to 10 years

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Repair and maintenance costs are charged to operating expense as incurred. There were no impairment charges in fiscal year 2021.

*Revenue and revenue recognition*

*Contributions*

The Chapter 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.

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.

*Thrift Shop Sales*

Revenue generated from the sale of donated used clothing and household items from the Chapter's thrift shop is recognized at point of sale at which time all performance obligations have been satisfied.

*Fundraising Events*

The Chapter records special event revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

*Membership*

The performance obligation related to membership dues is completely satisfied within the fiscal year, and any membership dues collected in advance of the next fiscal year are recognized as deferred dues revenue.

*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.

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 - continued**

**2. Summary of significant accounting policies – continued**

*Donated materials, services and free use of facilities, continued*

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, 2021, these volunteers donated approximately 34,124 hours with an estimated value of \$955,472. This value was computed using an estimated hourly rate of \$28.00, 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 \$35,529 for the year ended April 30, 2021.

*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 tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of April 30, 2021, the Chapter had no substantial uncertain income tax positions.

**3. Cash and cash equivalents**

Cash and cash equivalents at April 30, 2021 consisted of the following:

Petty Cash	\$	880
Paypal		948
Checking:		
Pacific Premier Bank		140,496
Chase Bank		37,108
Northern Trust		187,414
Total Checking accounts		365,018
Savings:		
Chase Bank		93,249
Pacific Premier Bank		44,903
Merrill Lunch		78,945
Total savings account		217,097
Total cash and cash equivalents	\$	583,943

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 - continued**

**4. Inventories**

Inventories at April 30, 2021 consisted of the following:

New clothing and shoes for use in Operation School Bell Program	\$ 2,088
Household goods and supplies for use in SOS Program	42,528
Clothing and toiletries for use in ASK Program	499
Teddy bears for use in Teddy Bear Program	6,646
Used clothing and household items held for sale at thrift shop	<u>153,765</u>
 Total inventories	 <u><u>\$ 205,526</u></u>

**5. Investments - Community Foundation for Southern Arizona**

The Chapter has an investment in the Community Foundation for Southern Arizona for \$34,928 at April 30, 2021, stated at fair value. See Note 6 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, 2021:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation for Southern Arizona	\$ -	\$ -	\$ 34,928	\$ 34,928
 Total Investments	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 34,928</u></u>	 <u><u>\$ 34,928</u></u>

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 - continued**

**6. Fair value measurements – continued**

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, 2021:

Community Foundation for Southern Arizona:

Balance, beginning of year	\$ 30,267
Additional investment	-
Total investment income/(loss)	5,074
Distributions and fees	(413)
Balance, end of year	<u>\$ 34,928</u>

**7. Property and equipment**

Property and equipment consisted of the following at April 30, 2021:

Land	\$ 436,616
Buildings and improvements	2,171,893
Furniture and equipment	125,484
Less accumulated depreciation	<u>(1,525,256)</u>
Property and equipment, net	<u>\$ 1,208,737</u>

**8. Leases**

The Chapter has a lease for office equipment that expires in October 2025. Rental expense under the lease was \$2,088 for the year ended April 30, 2021. Future minimum payments for the years ending April 30, 2022, 2023, 2024, 2025 are \$2,580 and \$1,290 for the year ended April 30, 2026.

**9. Net Assets**

At April 30, 2021, 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	1,208,737
Undesignated	<u>1,165,691</u>
Total net assets without donor restrictions	2,449,428
Net assets with donor restrictions	
Philanthropic programs building expenditures	<u>12,632</u>
Total net assets with donor restrictions	12,632
Total net assets	<u>\$ 2,462,060</u>

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 - continued**

**9. Net assets – continued**

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

Satisfaction of purpose restrictions:

PPC Building \$ 6,200

**10. Revenue from membership dues**

Changes in deferred dues for the year ended April 30, 2021 follows:

Deferred membership dues, beginning of year	\$ 10,780
Membership dues revenue recognized at the beginning of year	(22,050)
Increase in deferred revenue for cash received during the year	<u>23,620</u>
Deferred revenue, end of year	<u><u>\$ 12,350</u></u>

**11. 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.

As of April 30, 2021 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	\$ 583,943
Accounts receivable	6,677
Investment not encumbered by donor restrictions	476,997
Less: Board designated - future capital expenditures	(75,000)
Less: Donor restricted for philanthropic programs building expenditures	<u>(12,632)</u>
Financial assets available for general expenditures over next 12-months	<u><u>\$ 979,985</u></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



**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2021 - continued**

**11. Liquid resource management – continued**

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, 2021.

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.

**12. Noncash contributions**

During the year ended April 30, 2021, in addition to contributions of merchandise to the Chapter's thrift shop, the Chapter received noncash donations to Operation School Bell<sup>®</sup> valued at \$3,315.

**13. 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.

**14. Recent accounting pronouncement**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021.

**15. Subsequent events**

Assistance League of Tucson, Inc. has evaluated events subsequent to April 30, 2021, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through October 22, 2021, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

**SUPPLEMENTAL INFORMATION**

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
For the year ended April 30, 2021

	<u>Chapter</u>	<u>Assistees</u>	<u>Eliminations</u>	<u>Total</u>
<b>SUPPORT AND REVENUES:</b>				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 363,363	\$ -	\$ -	\$ 363,363
Sales of donated merchandise	309,395	-	-	309,395
Less: value of merchandise	(309,395)	-	-	(309,395)
Net revenue from thrift shop	<u>363,363</u>	<u>-</u>	<u>-</u>	<u>363,363</u>
Fundraising events and activities:				
Revenue	-	9,566	-	9,566
Less: Direct costs	-	(3,686)	-	(3,686)
Net revenue from fundraising events and activities	<u>-</u>	<u>5,880</u>	<u>-</u>	<u>5,880</u>
Contributions and grants	259,928	-	-	259,928
Membership	22,050	-	-	22,050
Interest income	8,573	-	-	8,573
Other income	2,662	-	-	2,662
Total support and revenues	<u>656,576</u>	<u>5,880</u>	<u>-</u>	<u>662,456</u>
<b>EXPENSES:</b>				
<b>Program services</b>				
Operation School Bell @	341,526	-	-	341,526
Starting over supplies	94,481	-	-	94,481
Assistees helping Tucson teens	-	14,543	-	14,543
Assault survivor kits	23,353	-	-	23,353
Teddy bear program	11,852	-	-	11,852
Other program	1,205	-	-	1,205
Total program services	<u>472,416</u>	<u>14,543</u>	<u>-</u>	<u>486,959</u>
<b>Supporting services</b>				
Fundraising events and activities:				
Thrift shop	101,195	-	-	101,195
Fundraising events and activities indirect costs	-	3,683	-	3,683
Management and general	144,277	-	-	144,277
Membership development	12,023	-	-	12,023
Total supporting services expenses	<u>257,495</u>	<u>3,683</u>	<u>-</u>	<u>261,178</u>
Total Expenses	<u>729,911</u>	<u>18,226</u>	<u>-</u>	<u>748,137</u>
Changes in net assets	(73,335)	(12,346)	-	(85,681)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,532,506</u>	<u>15,235</u>	<u>-</u>	<u>2,547,741</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,459,171</u>	<u>\$ 2,889</u>	<u>\$ -</u>	<u>\$ 2,462,060</u>