

ASSISTANCE LEAGUE OF TUCSON, INC.
INDEX TO AUDITED FINANCIAL STATEMENTS
APRIL 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, cash flows, and functional expenses for the year 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 Tucson, Inc. as of April 30, 2022, and the changes in net assets and its cash flows for the year 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 Tucson, Inc. 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 the 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 Tucson, Inc.'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 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.

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 Tucson, Inc.'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 Tucson, Inc.'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.

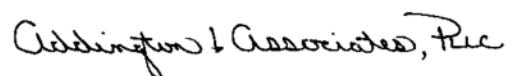
Report on Summarized Comparative Information

We have previously audited Assistance League of Tucson, Inc.'s April 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2021 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 18 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.

November 21, 2022


ADDINGTON & ASSOCIATES, PLLC

ASSISTANCE LEAGUE OF TUCSON, INC.
STATEMENT OF FINANCIAL POSITION
April 30, 2022
(with summarized financial information for April 30, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 779,742	\$ 583,943
Accounts receivable	3,434	6,677
Prepaid expenses	10,677	36,885
Inventories	376,526	205,526
Investments	415,443	476,997
Property and equipment, net	1,179,104	1,208,737
Total assets	\$ 2,764,926	\$ 2,518,765
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 65,748	\$ 39,965
Deferred dues revenue	13,620	12,350
Other deferred revenue	1,408	4,390
Total liabilities	80,776	56,705
Net assets:		
Net assets without donor restrictions		
Designated for future capital expenditures	55,000	75,000
Expended for property and equipment	1,179,104	1,208,737
Undesignated	1,447,344	1,165,691
	2,681,448	2,449,428
Net assets with donor restrictions	2,702	12,632
Total net assets	2,684,150	2,462,060
Total liabilities and net assets	\$ 2,764,926	\$ 2,518,765

See Accompanying Notes.

ASSISTANCE LEAGUE OF TUCSON, INC.
STATEMENT OF ACTIVITIES
For the year ended April 30, 2022
(with summarized financial information for the year ended April 30, 2021)

	Year ended April 30, 2022			Year ended April 30, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
SUPPORT AND REVENUES:				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 646,910	\$ -	\$ 646,910	\$ 363,363
Sales of donated merchandise	655,457	-	655,457	309,395
Less: value of merchandise	(655,457)	-	(655,457)	(309,395)
Net revenue from thrift shop	<u>646,910</u>	<u>-</u>	<u>646,910</u>	<u>363,363</u>
Fundraising events and activities:				
Revenue	52,438	-	52,438	9,566
Less: Direct costs	(30,821)	-	(30,821)	(3,686)
Net revenue from fundraising events and activities	<u>21,617</u>	<u>-</u>	<u>21,617</u>	<u>5,880</u>
Contributions and grants	428,209	-	428,209	259,928
Membership	21,155	-	21,155	22,050
Interest income	3,659	-	3,659	8,573
Other income	3,720	-	3,720	2,662
Unrealized/realized gain/(loss) on investment	(12,020)	-	(12,020)	-
Net assets released from restrictions:				
Satisfaction of purpose restrictions	9,930	(9,930)	-	-
Total support and revenues	<u>1,123,180</u>	<u>(9,930)</u>	<u>1,113,250</u>	<u>662,456</u>
EXPENSES:				
Program services				
Operation School Bell ®	381,968	-	381,968	341,526
Starting over supplies	114,433	-	114,433	94,481
Assisteens helping Tucson teens	17,368	-	17,368	14,543
Assault survivor kits	26,805	-	26,805	23,353
Teddy bear program	14,885	-	14,885	11,852
Hooked on books	17,615	-	17,615	0
Other program	2,717	-	2,717	1,204
Total program services	<u>575,791</u>	<u>-</u>	<u>575,791</u>	<u>486,959</u>
Supporting services				
Fundraising events and activities:				
Thrift shop	141,040	-	141,040	101,195
Fundraising events and activities indirect costs	5,012	-	5,012	3,683
Management and general	158,252	-	158,252	144,277
Membership development	11,065	-	11,065	12,023
Total supporting services expenses	<u>315,369</u>	<u>-</u>	<u>315,369</u>	<u>261,178</u>
Total expenses	<u>891,160</u>	<u>-</u>	<u>891,160</u>	<u>748,137</u>
Changes in net assets	232,020	(9,930)	222,090	(85,681)
NET ASSETS, BEGINNING OF YEAR	<u>2,449,428</u>	<u>12,632</u>	<u>2,462,060</u>	<u>2,547,741</u>
NET ASSETS, END OF YEAR	<u>\$ 2,681,448</u>	<u>\$ 2,702</u>	<u>2,684,150</u>	<u>2,462,060</u>

See Accompanying Notes.

ASSISTANCE LEAGUE OF TUCSON, INC.
STATEMENT OF CASH FLOWS
For the year ended April 30, 2022
(with summarized financial information for the year ended April 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 222,090	\$ (85,681)
Adjustments to reconcile change in net assets to cash and cash equivalents provided by (used) in operating activities:		
Depreciation	40,020	42,693
Change in asset and liability accounts		
(Increase) decrease in assets:		
Accounts receivable	3,243	(6,677)
Prepaid expenses	26,208	(9,253)
Inventories	(171,000)	12,232
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	25,783	(8,087)
Deferred dues revenue	1,270	1,570
Other deferred revenue	(2,982)	4,390
	<u>144,632</u>	<u>(48,813)</u>
Cash flows from investing activities:		
Purchase of fixed assets	(10,387)	(6,200)
Purchase of investments, net	61,554	(10,312)
	<u>51,167</u>	<u>(16,512)</u>
Cash and cash equivalents (used) in investing activities		
	<u>195,799</u>	<u>(65,325)</u>
Cash and cash equivalents, beginning	<u>583,943</u>	<u>649,268</u>
Cash and cash equivalents, ending	<u>\$ 779,742</u>	<u>\$ 583,943</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, 2022
(with summarized financial information for the year ended April 30, 2021)

	Program Services							Supporting Services				Year Ended	Year Ended		
	Operation School Bell	Starting Over Supplies	Assistees Helping Tucson Teens	Assault Survivor Kits	Teddy Bear Program	Hooked On Books	Other Programs	Total Program	Thrift Shop	Fundraising	Management and general	Membership development	Total supporting services	April 30, 2022 Total expenses	April 30, 2021 Total expenses
Program supplies	\$ 330,384	\$ 92,135	\$ 17,204	\$ 26,257	\$ 12,130	\$ 7,992	\$ 2,347	\$ 488,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,449	\$ 432,144
In-kind expense	-	-	-	-	-	6,336	-	6,336	-	3,599	1,210	-	4,809	11,145	3,315
Insurance (Directors, Cyber)	-	-	-	-	-	-	-	-	-	-	3,700	-	3,700	3,700	3,540
Occupancy:															
Utilities and monthly services	12,514	5,403	-	32	614	-	-	18,563	31,488	-	17,142	-	48,630	67,193	57,718
Repairs, maintenance, improvements	18,830	6,179	-	32	617	-	-	25,658	9,272	-	27,131	-	36,403	62,061	13,050
Insurance	4,566	1,696	-	13	248	-	-	6,523	10,647	-	2,779	-	13,426	19,949	18,934
Depreciation	8,595	3,193	-	25	467	-	-	12,280	20,040	-	7,700	-	27,740	40,020	42,693
Office supplies and equipment	634	428	-	47	84	20	-	1,213	274	-	12,143	-	12,417	13,630	18,274
National dues	-	-	-	-	-	-	-	-	-	-	-	9,175	9,175	9,175	9,925
Training and Education															
NAL Leadership and Treasurer Training	90	-	-	-	-	-	-	90	-	48	346	113	507	597	1,560
Other Education Expense	187	-	-	-	-	-	-	187	-	100	722	492	1,314	1,501	93
Postage	-	-	73	-	268	-	-	341	9	497	758	55	1,319	1,660	1,598
Printing	763	-	-	-	-	-	-	763	-	3,452	3,403	-	6,855	7,618	10,910
Professional services	4,727	5,010	-	18	18	299	-	10,072	45,372	-	35,055	-	80,427	90,499	64,928
Marketing	370	370	-	370	370	2,950	370	4,800	575	-	26,164	-	26,739	31,539	35,529
Officers and Committees	-	-	-	-	-	-	-	-	-	-	1,440	-	1,440	1,440	681
Awards and Recognition	125	-	-	-	-	-	-	125	-	-	1,172	744	1,916	2,041	1,934
Meeting Expenses, Chapter and Auxiliary	-	-	-	-	-	-	-	-	-	-	1,223	-	1,223	1,223	90
Background Checks	-	-	-	-	-	-	-	-	-	-	-	486	486	486	1,298
Selling Expense	-	-	-	-	-	-	-	-	5,730	-	-	-	5,730	5,730	6,050
Hauling	-	-	-	-	-	-	-	-	15,190	-	-	-	15,190	15,190	15,417
Other Thrift Shop Expense	-	-	-	-	-	-	-	-	2,443	-	-	-	2,443	2,443	3,961
Credit card fees	183	19	91	11	69	18	-	391	-	-	14,317	-	14,317	14,708	6,840
Other fees, licenses	-	-	-	-	-	-	-	-	-	-	1,077	-	1,077	1,077	908
Other	-	-	-	-	-	-	-	-	-	844	770	-	1,614	1,614	433
Cost of Merchandise sold	-	-	-	-	-	-	-	-	655,457	195	-	-	655,652	655,652	309,395
Total expenses	381,968	114,433	17,368	26,805	14,885	17,615	2,717	575,791	796,497	8,735	158,252	11,065	974,549	1,550,340	1,061,218
Less expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	-	(3,723)	-	-	(3,723)	(3,723)	(3,686)
Cost of merchandise sold	-	-	-	-	-	-	-	-	(655,457)	-	-	-	(655,457)	(655,457)	(309,395)
Total expenses per statement of activities	\$ 381,968	\$ 114,433	\$ 17,368	\$ 26,805	\$ 14,885	\$ 17,615	\$ 2,717	\$ 575,791	\$ 141,040	\$ 5,012	\$ 158,252	\$ 11,065	\$ 315,369	\$ 891,160	\$ 748,137

See Accompanying Notes.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022

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, 2022 - 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.

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, 2021, from which the summarized information was derived.

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.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

2. Summary of significant accounting policies – continued

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.

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.

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

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

2. Summary of significant accounting policies – continued

Concentrations of credit and market risk - continued

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, 2022, the Chapter's uninsured balances totaled \$34,484 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:

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 2022.

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.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

2. Summary of significant accounting policies – continued

Revenue and revenue recognition -continued

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.

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, 2022, these volunteers donated approximately 51,029 hours with an estimated value of \$1,516,582. This value was computed using an estimated hourly rate of \$29.72, 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 15% for estimated fringe benefits.

Advertising

The Chapter expenses all advertising costs as incurred. Purchased advertising expenses totaled \$31,539 for the year ended April 30, 2022.

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, 2022, the Chapter had no substantial uncertain income tax positions.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

3. Cash and cash equivalents

Cash and cash equivalents at April 30, 2022 consisted of the following:

Petty Cash	\$	880
Paypal		496
Checking:		
Pacific Premier Bank		163,305
Chase Bank		67,093
Northern Trust		<u>210,302</u>
Total Checking accounts		<u>440,700</u>
Savings:		
Chase Bank		8,266
Pacific Premier Bank		44,916
Merrill Lunch		<u>284,484</u>
Total savings account		<u>337,666</u>
Total cash and cash equivalents	\$	<u><u>779,742</u></u>

4. Inventories

Inventories at April 30, 2022 consisted of the following:

New clothing and shoes for use in Operation School Bell Program	\$	174,535
Household goods and supplies for use in SOS Program		55,202
Toiletries for use by Tucson students		1,558
Teddy bears for use in Teddy Bear Program		1,621
Used clothing and household items held for sale at thrift shop		<u>143,610</u>
Total inventories	\$	<u><u>376,526</u></u>

5. 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.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

5. Fair value measurements - continued

Mutual funds are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. Certificates of deposits at held in brokerage accounts are traded in the financial markets. The certificates of deposit are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

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, 2022:

Description	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 57,975	\$ -	\$ -	\$ 57,975
Certificates of deposit	-	325,662	-	325,662
Community Foundation for Southern Arizona	-	-	31,806	31,806
Total Investments	<u>\$ 57,975</u>	<u>\$ 325,662</u>	<u>\$ 31,806</u>	<u>\$ 415,443</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, 2022:

Community Foundation for Southern Arizona:

Balance, beginning of year	\$ 34,928
Additional investment	-
Total investment income/(loss)	(2,686)
Distributions and fees	<u>(436)</u>
Balance, end of year	<u>\$ 31,806</u>

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

6. Property and equipment

Property and equipment consisted of the following at April 30, 2022:

Land	\$ 436,616
Buildings and improvements	2,180,834
Furniture and equipment	126,929
Less accumulated depreciation	<u>(1,565,275)</u>
Property and equipment, net	<u><u>\$ 1,179,104</u></u>

7. Leases

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

8. Net assets

At April 30, 2022, net assets were restricted by donors or designated by the governing board as follows:

Net assets without donor restrictions:

Designated for future capital expenditures	\$ 55,000
Expended for property and equipment	1,179,104
Undesignated	<u>1,447,344</u>
Total net assets without donor restrictions	2,681,448

Net assets with donor restrictions:

Capital expenditures	<u>2,702</u>
Total net assets with donor restrictions	<u>2,702</u>

Total net assets	<u><u>\$ 2,684,150</u></u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose restriction for the PPC building totaling \$9,930.

9. Revenue from membership dues

Changes in deferred dues for the year ended April 30, 2022 follows:

Deferred membership dues, beginning of year	\$ 12,350
Membership dues revenue recognized at the beginning of year	(12,350)
Increase in deferred revenue for cash received during the year	<u>13,620</u>
Deferred revenue, end of year	<u><u>\$ 13,620</u></u>

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

10. Fundraising events and activities

During the year ending April 30, 2022 the Organization conducted a fashion show fundraiser that generated a total of \$26,049 of revenue which included \$3,049 of in-kind revenue and had direct expenses of \$6,613. The Chapter also generated fundraising revenue and expenses from other fundraising activities which when combined with the fashion show fundraiser equaled \$52,438 in revenue and \$30,821 in direct expenses as shown on the Statement of Activities

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, 2022 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	\$ 779,742
Accounts receivable	3,434
Investment not encumbered by donor restrictions	415,443
Less: Board designated - future capital expenditures	(55,000)
Less: Donor restricted for capital expenditures	(2,702)
Financial assets available for general expenditures over next 12-months	<u>\$ 1,140,917</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, 2022.

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.

ASSISTANCE LEAGUE OF TUCSON, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2022 - continued

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 Hooked on Books valued at \$6,336, Management and General valued at \$1,210, and Fundraising at \$3,599.

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 pronouncements

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.

In September 2020, Financial Accounting Standards Board (FASB) issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

15. Subsequent events

Assistance League of Tucson, Inc. has evaluated events subsequent to April 30, 2022, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through November 21, 2022, 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, 2022

	<u>Chapter</u>	<u>Assistees</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUES:				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 646,910	\$ -	\$ -	\$ 646,910
Sales of donated merchandise	655,457	-	-	655,457
Less: value of merchandise	(655,457)	-	-	(655,457)
Net revenue from thrift shop	<u>646,910</u>	<u>-</u>	<u>-</u>	<u>646,910</u>
Fundraising events and activities:				
Revenue	-	52,438	-	52,438
Less: Direct costs	-	(30,821)	-	(30,821)
Net revenue from fundraising events and activities	<u>-</u>	<u>21,617</u>	<u>-</u>	<u>21,617</u>
Contributions and grants	428,209	-	-	428,209
Membership	21,155	-	-	21,155
Interest income	3,659	-	-	3,659
Other income	3,720	-	-	3,720
Unrealized/realized gain/(loss) on investment	(12,020)	-	-	(12,020)
Total support and revenues	<u>1,091,633</u>	<u>21,617</u>	<u>-</u>	<u>1,113,250</u>
EXPENSES:				
Program services				
Operation School Bell @	381,968	-	-	381,968
Starting over supplies	114,433	-	-	114,433
Assistees helping Tucson teens	-	17,368	-	17,368
Assault survivor kits	26,805	-	-	26,805
Teddy bear program	14,885	-	-	14,885
Hooked on books	17,615	-	-	17,615
Other program	2,717	-	-	2,717
Total program services	<u>558,423</u>	<u>17,368</u>	<u>-</u>	<u>575,791</u>
Supporting services				
Fundraising events and activities:				
Thrift shop	141,040	-	-	141,040
Fundraising events and activities indirect costs	-	5,012	-	5,012
Management and general	158,252	-	-	158,252
Membership development	11,065	-	-	11,065
Total supporting services expenses	<u>310,357</u>	<u>5,012</u>	<u>-</u>	<u>315,369</u>
Total Expenses	<u>868,780</u>	<u>22,380</u>	<u>-</u>	<u>891,160</u>
Changes in net assets	222,853	(763)	-	222,090
NET ASSETS, BEGINNING OF YEAR	<u>2,459,171</u>	<u>2,889</u>	<u>-</u>	<u>2,462,060</u>
NET ASSETS, END OF YEAR	<u>\$ 2,682,024</u>	<u>\$ 2,126</u>	<u>\$ -</u>	<u>\$ 2,684,150</u>