

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**INDEX TO AUDITED FINANCIAL STATEMENTS**  
**APRIL 30, 2023**

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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, 2023, 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, 2023, 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.

### 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.

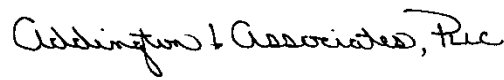
### **Report on Summarized Comparative Information**

We have previously audited Assistance League of Tucson, Inc.'s April 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2022 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 detailed 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 9, 2023

  
**ADDINGTON & ASSOCIATES, PLLC**

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**April 30, 2023**  
**(with summarized financial information for April 30, 2022)**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 724,237	\$ 779,742
Accounts receivable	125	3,434
Prepaid expenses	5,230	10,677
Inventories	398,903	376,526
Investments	672,553	415,443
Right-of-use asset - operating lease	6,399	-
Property and equipment, net	1,164,820	1,179,104
<b>Total assets</b>	<b>\$ 2,972,267</b>	<b>\$ 2,764,926</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 89,419	\$ 65,748
Deferred dues revenue	12,510	13,620
Other deferred revenue	720	1,408
Lease liability - operating lease	6,399	-
<b>Total liabilities</b>	109,048	80,776
Net assets:		
Net assets without donor restrictions		
Designated for facilities reserve	150,000	-
Designated for future capital expenditures	-	55,000
Expended for property and equipment	1,164,820	1,179,104
Undesignated	1,548,399	1,447,344
	2,863,219	2,681,448
Net assets with donor restrictions	-	2,702
<b>Total net assets</b>	<b>2,863,219</b>	<b>2,684,150</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,972,267</b>	<b>\$ 2,764,926</b>

See Accompanying Notes.

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended April 30, 2023**  
**(with summarized financial information for the year ended April 30, 2022)**

	Year ended April 30, 2023			Year ended
	Without Donor Restrictions	With Donor Restrictions	Total	April 30, 2022 Totals
<b>SUPPORT AND REVENUES:</b>				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 805,438	\$ -	\$ 805,438	\$ 646,910
Sales of donated merchandise	785,844	-	785,844	655,457
Less: value of merchandise	(785,844)	-	(785,844)	(655,457)
Net revenue from thrift shop	<u>805,438</u>	<u>-</u>	<u>805,438</u>	<u>646,910</u>
Fundraising events and activities:				
Revenue	43,349	-	43,349	52,438
Less: Direct costs	(22,437)	-	(22,437)	(30,821)
Net revenue from fundraising events and activities	<u>20,912</u>	<u>-</u>	<u>20,912</u>	<u>21,617</u>
Contributions and grants	436,963	-	436,963	428,209
Membership	20,540	-	20,540	21,155
Interest income	10,154	-	10,154	3,659
Other income	3,676	-	3,676	3,720
Unrealized/realized gain/(loss) on investment	4,546	-	4,546	(12,020)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	2,702	(2,702)	-	-
Total support and revenues	<u>1,304,931</u>	<u>(2,702)</u>	<u>1,302,229</u>	<u>1,113,250</u>
<b>EXPENSES:</b>				
<b>Program services</b>				
Operation School Bell ®	422,154	-	422,154	381,968
Starting over supplies	204,946	-	204,946	114,433
Assisteens helping Tucson teens	15,096	-	15,096	17,368
Assault survivor kits	28,460	-	28,460	26,805
Teddy bear program	16,985	-	16,985	14,885
Hooked on books	26,432	-	26,432	17,615
Pass it on	33,040	-	33,040	-
Other program	1,979	-	1,979	2,717
Total program services	<u>749,092</u>	<u>-</u>	<u>749,092</u>	<u>575,791</u>
<b>Supporting services</b>				
Fundraising events and activities:				
Thrift shop	185,160	-	185,160	141,040
Fundraising events and activities indirect costs	10,850	-	10,850	5,012
Management and general	167,996	-	167,996	158,252
Membership development	10,062	-	10,062	11,065
Total supporting services expenses	<u>374,068</u>	<u>-</u>	<u>374,068</u>	<u>315,369</u>
Total expenses	<u>1,123,160</u>	<u>-</u>	<u>1,123,160</u>	<u>891,160</u>
Changes in net assets	181,771	(2,702)	179,069	222,090
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,681,448</u>	<u>2,702</u>	<u>2,684,150</u>	<u>2,462,060</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,863,219</u>	<u>\$ -</u>	<u>\$ 2,863,219</u>	<u>\$ 2,684,150</u>

See Accompanying Notes.

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended April 30, 2023**  
**(with summarized financial information for the year ended April 30, 2022)**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 179,069	\$ 222,090
Adjustments to reconcile change in net assets to cash and cash equivalents provided by operating activities:		
Depreciation	39,670	40,020
Unrealized (loss) on investments	4,546	(12,020)
Change in asset and liability accounts		
(Increase) decrease in assets:		
Accounts receivable	3,309	3,243
Prepaid expenses	5,447	26,208
Inventories	(22,377)	(171,000)
Right-of-use assets	(6,399)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	23,671	25,783
Deferred dues revenue	(1,110)	1,270
Other deferred revenue	(688)	(2,982)
Right-of-use liabilities	6,399	-
Cash and cash equivalents provided by operating activities	<u>231,537</u>	<u>132,612</u>
Cash flows from investing activities:		
Purchase of fixed assets	(25,386)	(10,387)
Purchase of investments, net	(261,656)	73,574
Cash and cash equivalents (used) in investing activities	<u>(287,042)</u>	<u>63,187</u>
Increase (decrease) in cash and cash equivalents	(55,505)	195,799
Cash and cash equivalents, beginning	<u>779,742</u>	<u>583,943</u>
Cash and cash equivalents, ending	<u>\$ 724,237</u>	<u>\$ 779,742</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, 2023  
(with summarized financial information for the year ended April 30, 2022)

	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	Pass It On	Other Programs	Total Program	Thrift Shop	Fundraising	Management and general	Membership development	Total supporting services	April 30, 2023 Total expenses	April 30, 2022 Total expenses
Program supplies	\$ 373,527	\$ 186,943	\$ 14,994	\$ 28,311	\$ 13,615	\$ 24,006	\$ 31,941	\$ 1,979	\$ 675,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,316	\$ 488,449
In-kind expense	200	-	-	-	-	2,422	-	-	2,622	235	-	660	-	895	3,517	11,145
Insurance (Directors, Cyber)	-	-	-	-	-	-	-	-	-	6,527	-	4,464	-	10,991	10,991	3,700
Occupancy:																
Utilities and monthly services	13,221	5,243	-	40	766	-	487	-	19,757	37,780	-	38,027	-	75,807	95,564	67,193
Repairs, maintenance, improvements	13,817	4,850	-	37	709	-	295	-	19,708	31,836	-	6,813	-	38,649	58,357	62,061
Insurance	2,567	1,022	-	7	150	-	74	-	3,820	-	-	1,675	-	1,675	5,495	19,949
Depreciation	8,471	3,373	-	26	493	-	243	-	12,606	21,538	-	5,526	-	27,064	39,670	40,020
Office supplies and equipment	934	795	-	1	23	-	-	-	1,753	643	-	12,928	-	13,571	15,324	13,630
National dues	-	-	-	-	-	-	-	-	-	-	-	-	9,010	9,010	9,010	9,175
Training and Education:																
NAL Leadership and Treasurer Training	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	597
Other Education Expense	-	-	-	-	-	-	-	-	-	-	286	-	-	286	286	1,501
Postage	-	-	60	-	532	-	-	-	592	-	1,303	304	104	1,711	2,303	1,660
Printing	1,930	-	-	-	270	-	-	-	2,200	-	9,221	2,996	-	12,217	14,417	7,618
Professional services	7,294	2,709	-	21	396	-	-	-	10,420	57,978	-	47,934	-	105,912	116,332	90,499
Public relations and advertising	-	-	-	-	-	-	-	-	-	637	-	26,831	-	27,468	27,468	31,539
Officers and committees	-	-	-	-	-	-	-	-	-	-	-	965	-	965	965	1,440
Awards and recognition	-	-	-	-	-	-	-	-	-	-	-	1,749	112	1,861	1,861	2,041
Meeting expenses, Chapter and Auxiliary	-	-	-	-	-	-	-	-	-	-	-	718	-	718	718	1,223
Background checks	-	-	-	-	-	-	-	-	-	-	-	-	836	836	836	486
Selling expense	-	-	-	-	-	-	-	-	-	6,070	-	-	-	6,070	6,070	5,730
Hauling	-	-	-	-	-	-	-	-	-	18,367	-	-	-	18,367	18,367	15,190
Other Thrift Shop expense	-	-	-	-	-	-	-	-	-	3,549	-	-	-	3,549	3,549	2,443
Credit card fees	193	11	42	17	31	4	-	-	298	-	-	18,985	-	18,985	19,283	14,708
Other fees, licenses	-	-	-	-	-	-	-	-	-	-	-	964	-	964	964	1,077
Other	-	-	-	-	-	-	-	-	-	-	523	(3,829)	-	(3,306)	(3,306)	1,614
Cost of merchandise sold	-	-	-	-	-	-	-	-	-	785,844	-	-	-	785,844	785,844	786,039
<b>Total expenses</b>	<b>422,154</b>	<b>204,946</b>	<b>15,096</b>	<b>28,460</b>	<b>16,985</b>	<b>26,432</b>	<b>33,040</b>	<b>1,979</b>	<b>749,092</b>	<b>971,004</b>	<b>11,047</b>	<b>167,996</b>	<b>10,062</b>	<b>1,160,109</b>	<b>1,909,201</b>	<b>1,680,727</b>
Less expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	-	-	(197)	-	-	(197)	(197)	(3,723)
Cost of merchandise sold	-	-	-	-	-	-	-	-	-	(785,844)	-	-	-	(785,844)	(785,844)	(785,844)
<b>Total expenses per statement of activities</b>	<b>\$ 422,154</b>	<b>\$ 204,946</b>	<b>\$ 15,096</b>	<b>\$ 28,460</b>	<b>\$ 16,985</b>	<b>\$ 26,432</b>	<b>\$ 33,040</b>	<b>\$ 1,979</b>	<b>\$ 749,092</b>	<b>\$ 185,160</b>	<b>\$ 10,850</b>	<b>\$ 167,996</b>	<b>\$ 10,062</b>	<b>\$ 374,068</b>	<b>\$ 1,123,160</b>	<b>\$ 891,160</b>

See Accompanying Notes.

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2023**

**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** 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, 2023 - 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, 2022, 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, 2023 - 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, 2023 - 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, 2023, the Chapter's uninsured balances totaled \$0 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 \$1,000 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 2023.

*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, 2023 - 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, 2023, these volunteers donated approximately 55,000 hours with an estimated value of \$1,749,000. This value was computed using an estimated hourly rate of \$31.80, 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 \$27,468 for the year ended April 30, 2023.

*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, 2023, the Chapter had no substantial uncertain income tax positions.

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2023 - continued**

**3. Cash and cash equivalents**

Cash and cash equivalents at April 30, 2023, consisted of the following:

Petty Cash	\$	880
Paypal		1,534
Checking:		
Pacific Premier Bank		180,200
Chase Bank		144,312
Northern Trust		227,539
Total Checking accounts		552,051
Savings:		
Chase Bank		8,268
Pacific Premier Bank		44,935
Merrill Lynch		116,569
Total savings account		169,772
Total cash and cash equivalents	\$	724,237

**4. Inventories**

Inventories at April 30, 2023, consisted of the following:

New clothing and shoes for use in Operation School Bell Program	\$	187,012
Household goods and supplies for use in SOS Program		39,205
Clothing and toiletries for use in ASK Program		4,176
Toiletries for use by Tucson students		509
Teddy bears for use in Teddy Bear Program		4,797
Used clothing and household items held for sale at thrift shop		163,204
Total inventories	\$	398,903

**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 2 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, 2023 - 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, 2023:

Description	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 204,419	\$ -	\$ -	\$ 204,419
Certificates of deposit	-	436,902	-	436,902
Community Foundation for Southern Arizona	-	-	31,232	31,232
Total Investments	<u>\$ 204,419</u>	<u>\$ 436,902</u>	<u>\$ 31,232</u>	<u>\$ 672,553</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, 2023:

Community Foundation for Southern Arizona:

Balance, beginning of year	\$ 31,806
Additional investment	-
Total investment income/(loss)	(191)
Distributions and fees	(383)
Balance, end of year	<u>\$ 31,232</u>

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2023 - continued**

**6. Property and equipment**

Property and equipment consisted of the following at April 30, 2023:

Land	\$	436,616
Buildings and improvements		2,206,219
Furniture and equipment		126,929
Less accumulated depreciation		<u>(1,604,944)</u>
Property and equipment, net	\$	<u><u>1,164,820</u></u>

**7. Leases**

Operating leases are included in right-of-use assets and as a lease liability. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As the Chapter's lease does not provide an implicit rate to calculate present value, the Chapter determines this rate by estimating the Chapter's incremental borrowing rate at the lease commencement date. The right-of-use asset also includes any lease payments made and initial direct costs incurred at lease commencement and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

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, 2023. Future minimum payments for the years ending April 30, 2024, 2025 are \$2,580, and \$1,290 for the year ended April 30, 2026.

**8. Net assets**

At April 30, 2023, \$150,000 of net assets were designated by the governing board for facilities reserve.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose restriction for the PPC building totaling \$2,702 during the year ended April 30, 2023.

**9. Revenue from membership dues**

Changes in deferred dues for the year ended April 30, 2023, follows:

Deferred membership dues, beginning of year	\$	13,620
Membership dues revenue recognized at the beginning of year		(13,620)
Increase in deferred revenue for cash received during the year		<u>12,510</u>
Deferred revenue, end of year	\$	<u><u>12,510</u></u>

**ASSISTANCE LEAGUE OF TUCSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2023 - continued**

**10. Fundraising events and activities**

During the year ending April 30, 2023 the Organization conducted a fashion show fundraiser that generated a total of \$31,283 of revenue which included \$7,410 of in-kind revenue and had direct expenses of \$12,610. The Chapter also generated fundraising revenue and expenses from other fundraising activities which when combined with the fashion show fundraiser equaled \$43,349 in revenue and \$22,437 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, 2023, 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	\$ 724,237
Accounts receivable	125
Investments not encumbered by donor restrictions	678,952
Less: Board designated - facilities reserve	(150,000)
Financial assets available for general expenditures over next 12-months	<u>\$ 1,253,314</u>

Assets held for the Chapter's board designated for facilities reserve 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 facilities 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, 2023.

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, 2023 - continued**

**11. Noncash contributions**

During the year ended April 30, 2023, in addition to contributions of merchandise to the Chapter's thrift shop, the Chapter received noncash donations which were restricted to and used in the operations of Operation School Bell valued at \$200, Hooked on Books valued at \$2,422, Thrift Shop valued at \$235 and Management and General valued at \$660. All noncash contributions were valued at estimated fair market value at the date of receipt using thrift shop values.

**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. Recent accounting pronouncements**

Effective January 1, 2022, the Chapter adopted FASB ASC 842, leases. Leases are classified as either finance or operating, with classification affecting the pattern of revenue recognition in the income statement. The Chapter elected to adopt FASB ASC 842, leases, using the optional transition method that allows the Chapter to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. There was not cumulative effect adjustment required to the opening balance of net assets due to adoption of the new lease standard.

The Chapter elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Chapter also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of any right of use assets.

**14. Subsequent events**

Assistance League of Tucson, Inc. has evaluated events subsequent to April 30, 2023, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through October 9, 2023, 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.**  
**DETAILED STATEMENT OF ACTIVITIES**  
For the year ended April 30, 2023

	<u>Chapter</u>	<u>Assisteens</u>	<u>Eliminations</u>	<u>Total</u>
<b>SUPPORT AND REVENUES:</b>				
Fundraising				
Thrift shop revenue:				
Contributions of merchandise	\$ 805,438	\$ -	\$ -	\$ 805,438
Sales of donated merchandise	785,844	-	-	785,844
Less: value of merchandise	(785,844)	-	-	(785,844)
Net revenue from thrift shop	<u>805,438</u>	<u>-</u>	<u>-</u>	<u>805,438</u>
Fundraising events and activities:				
Revenue	-	43,349	-	43,349
Less: Direct costs	-	(22,437)	-	(22,437)
Net revenue from fundraising events and activities	<u>-</u>	<u>20,912</u>	<u>-</u>	<u>20,912</u>
Contributions and grants	436,963	-	-	436,963
Membership	20,540	-	-	20,540
Interest income	10,154	-	-	10,154
Other income	3,676	-	-	3,676
Unrealized/realized gain/(loss) on investment	4,546	-	-	4,546
Total support and revenues	<u>1,281,317</u>	<u>20,912</u>	<u>-</u>	<u>1,302,229</u>
<b>EXPENSES:</b>				
<b>Program services</b>				
Operation School Bell @	422,154	-	-	422,154
Starting over supplies	204,946	-	-	204,946
Assisteens helping Tucson teens	-	15,096	-	15,096
Assault survivor kits	28,460	-	-	28,460
Teddy bear program	16,985	-	-	16,985
Hooked on books	26,432	-	-	26,432
Pass it on	33,040	-	-	33,040
Other program	1,979	-	-	1,979
Total program services	<u>733,996</u>	<u>15,096</u>	<u>-</u>	<u>749,092</u>
<b>Supporting services</b>				
Fundraising events and activities:				
Thrift shop	185,160	-	-	185,160
Fundraising events and activities indirect costs	-	10,850	-	10,850
Management and general	167,996	-	-	167,996
Membership development	10,062	-	-	10,062
Total supporting services expenses	<u>363,218</u>	<u>10,850</u>	<u>-</u>	<u>374,068</u>
Total Expenses	<u>1,097,214</u>	<u>25,946</u>	<u>-</u>	<u>1,123,160</u>
Changes in net assets	184,103	(5,034)	-	179,069
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,682,024</u>	<u>2,126</u>	<u>-</u>	<u>2,684,150</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,866,127</u>	<u>\$ (2,908)</u>	<u>\$ -</u>	<u>\$ 2,863,219</u>