

**ASSISTANCE LEAGUE® OF ST. LOUIS**

**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED MAY 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2019)**

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## Independent Auditors' Report

Board of Directors  
Assistance League of St. Louis  
St. Louis, Missouri

We have audited the accompanying financial statements of Assistance League of St. Louis (a not-for-profit organization), which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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 auditors' 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 St. Louis as of May 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We have previously audited Assistance League of St. Louis's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Anders Minkler Huber & Helms LLP*

August 26, 2020

**Assistance League of St. Louis**  
**Statement of Financial Position**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

**ASSETS**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 180,236	\$ 185,872
Other receivable	-	3,352
Prepaid expenses	29,530	29,322
Inventory (Note 4)	218,995	214,869
Investments (Note 5)	1,207,040	1,111,059
Property and equipment, net (Note 6)	1,165,003	1,197,611
Total Assets	\$ 2,800,804	\$ 2,742,085

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 14,153	\$ 3,039
Deferred revenue	33,975	32,550
Mortgage payable (Note 8)	44,425	59,826
Total Liabilities	92,553	95,415
<b>NET ASSETS (Note 10)</b>		
Without donor restrictions	2,271,575	2,200,376
With donor restrictions	436,676	446,294
Total Net Assets	2,708,251	2,646,670
Total Liabilities and Net Assets	\$ 2,800,804	\$ 2,742,085

**Assistance League of St. Louis  
Statement of Activities  
Year Ended May 31, 2020  
(With Comparative Totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2020</u>	<u>2019</u>
Support and Revenues				
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	\$ 281,039	\$ -	\$ 281,039	\$ 420,291
Sales of donated merchandise	294,077	-	294,077	403,312
Less: Value of merchandise sold	<u>(294,077)</u>	<u>-</u>	<u>(294,077)</u>	<u>(403,312)</u>
Net revenue - thrift shop	<u>281,039</u>	<u>-</u>	<u>281,039</u>	<u>420,291</u>
Special events and other fundraising activities revenue (Note 13)	337,510	-	337,510	356,714
Less cost of direct benefits to donors	<u>(50,114)</u>	<u>-</u>	<u>(50,114)</u>	<u>(46,399)</u>
Net revenue from special events and other fundraising activities	<u>287,396</u>	<u>-</u>	<u>287,396</u>	<u>310,315</u>
Contributions	335,311	11,838	347,149	238,137
In-kind donations (Note 14)	295,692	-	295,692	268,455
Membership (Note 12)	42,785	-	42,785	45,381
Investment return (Note 5)	<u>31,930</u>	<u>(7,112)</u>	<u>24,818</u>	<u>29,992</u>
Satisfaction of time and usage restrictions	<u>14,344</u>	<u>(14,344)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>1,288,497</u>	<u>(9,618)</u>	<u>1,278,879</u>	<u>1,312,571</u>
Expenses				
Program Services				
Operation School Bell®	476,345	-	476,345	439,582
Operation Hug	8,329	-	8,329	37,575
Steps to Success	217,177	-	217,177	211,012
Project ROSE	98,166	-	98,166	159,277
My Own Fun Stuff	30,632	-	30,632	36,886
Assistance League Outreach	29,847	-	29,847	19,760
Waste Not	28,529	-	28,529	27,354
Scholarships	1,008	-	1,008	1,701
Beyond the Bell	<u>51,785</u>	<u>-</u>	<u>51,785</u>	<u>44,035</u>
Total Program Services	<u>941,818</u>	<u>-</u>	<u>941,818</u>	<u>977,182</u>
Supporting Activities				
Fundraising:				
Thrift shop	161,942	-	161,942	157,959
Special events and other fundraising activities indirect costs (Note 13)	23,351	-	23,351	15,627
Other fundraising	16,364	-	16,364	28,599
Management and general	44,583	-	44,583	25,027
Membership (Note 12)	<u>29,240</u>	<u>-</u>	<u>29,240</u>	<u>34,103</u>
Total Supporting Activities	<u>275,480</u>	<u>-</u>	<u>275,480</u>	<u>261,315</u>
Total Expenses	<u>1,217,298</u>	<u>-</u>	<u>1,217,298</u>	<u>1,238,497</u>
Change in Net Assets	71,199	(9,618)	61,581	74,074
Net Assets, Beginning of Year	<u>2,200,376</u>	<u>446,294</u>	<u>2,646,670</u>	<u>2,572,596</u>
Net Assets, End of Year	<u>\$ 2,271,575</u>	<u>\$ 436,676</u>	<u>\$ 2,708,251</u>	<u>\$ 2,646,670</u>

**Assistance League of St. Louis  
Statement of Functional Expenses  
Year Ended May 31, 2020  
(With Comparative Totals for 2019)**

	Year Ended May 31, 2020									
	PROGRAM SERVICES									
	Operation School Bell®	Operation Hug	Steps to Success	Project ROSE	My Own Fun Stuff	Assistance League Outreach	Waste Not	Scholarships	Beyond the Bell	Total
Supplies	\$ 371,474	\$ 6,329	\$ 91,430	\$ 40,430	\$ 24,016	\$ 24,320	\$ -	\$ 94	\$ 25,325	\$ 583,418
Rent and CAM charges	-	-	-	-	-	-	-	-	-	-
Utilities	4,757	283	1,416	1,133	425	241	71	92	425	8,843
Repairs and maintenance	927	74	391	391	263	195	74	74	236	2,625
Insurance	3,190	80	797	399	399	160	80	80	478	5,663
Credit card expenses	995	-	398	398	-	398	-	-	-	2,189
Moving and storage	-	-	-	-	-	-	-	-	-	-
Value of merchandise	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-	-
Interest expense	1,104	29	287	402	144	58	-	-	173	2,197
Office supplies	1,504	46	456	684	91	91	46	46	684	3,648
Other	-	-	-	-	-	-	-	-	-	-
Membership	-	-	-	-	-	-	-	-	-	-
Printing and postage	159	5	48	72	10	10	5	5	72	386
Professional services	4,360	840	2,800	2,240	1,400	280	280	-	1,120	13,320
Information technology	4,782	80	638	638	797	638	80	159	159	7,971
Promotion	3,729	78	1,491	1,491	2,237	597	-	75	597	10,295
National Conference and meetings	4,238	85	85	85	85	85	-	-	85	4,748
Education	141	35	70	35	35	35	18	18	35	422
National dues	-	-	-	-	-	-	-	-	-	-
In-kind	62,579	-	113,222	44,295	-	2,009	27,875	-	21,666	271,646
Depreciation and amortization	12,406	365	3,648	5,473	730	730	-	365	730	24,447
<b>Total Expenses</b>	<b>476,345</b>	<b>8,329</b>	<b>217,177</b>	<b>98,166</b>	<b>30,632</b>	<b>29,847</b>	<b>28,529</b>	<b>1,008</b>	<b>51,785</b>	<b>941,818</b>
Less: Expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses Per Statement of Activities</b>	<b>\$ 476,345</b>	<b>\$ 8,329</b>	<b>\$ 217,177</b>	<b>\$ 98,166</b>	<b>\$ 30,632</b>	<b>\$ 29,847</b>	<b>\$ 28,529</b>	<b>\$ 1,008</b>	<b>\$ 51,785</b>	<b>\$ 941,818</b>

**Assistance League of St. Louis  
Statement of Functional Expenses  
Year Ended May 31, 2020  
(With Comparative Totals for 2019)**

	Year Ended May 31, 2020						Year Ended May 31, 2020 Total	Year Ended May 31, 2019 Total
	SUPPORTING ACTIVITIES							
	Thrift Shop	Special Events	Other Fundraising	Management and General	Membership	Total		
Supplies	\$ 2,913	\$ -	\$ -	\$ -	\$ 4,085	\$ 6,998	\$ 590,416	\$ 600,259
Rent and CAM charges	113,521	-	-	-	-	113,521	113,521	107,107
Utilities	11,824	283	283	4,753	-	17,143	25,986	28,398
Repairs and maintenance	7,392	148	148	11,891	-	19,579	22,204	22,806
Insurance	4,648	160	160	1,994	-	6,962	12,625	13,788
Credit card expenses	7,081	7,132	796	199	796	16,004	18,193	15,207
Moving and storage	2,750	-	-	-	-	2,750	2,750	3,470
Value of merchandise	294,077	-	-	-	-	294,077	294,077	403,312
Food	-	41,536	-	-	-	41,536	41,536	29,821
Entertainment	-	11,466	-	-	-	11,466	11,466	17,826
Interest expense	-	29	29	621	-	679	2,876	3,715
Office supplies	46	547	273	46	-	912	4,560	3,355
Other	-	-	-	10,754	-	10,754	10,754	5,992
Printing and postage	325	3,390	2,129	48	2,427	8,319	8,705	8,413
Professional services	3,200	1,680	1,400	8,400	-	14,680	28,000	30,518
Information technology	797	2,550	2,232	797	1,594	7,970	15,941	15,788
Promotion	1,492	1,790	597	742	-	4,621	14,916	34,915
National Conference and meetings	2,967	339	255	84	84	3,729	8,477	9,782
Education	88	35	35	53	70	281	703	1,702
National dues	-	-	-	-	20,080	20,080	20,080	20,760
In-kind	615	2,380	-	187	104	3,286	274,932	268,455
Depreciation and amortization	2,283	-	8,027	4,014	-	14,324	38,771	42,819
<b>Total Expenses</b>	<b>456,019</b>	<b>73,465</b>	<b>16,364</b>	<b>44,583</b>	<b>29,240</b>	<b>619,671</b>	<b>1,561,489</b>	<b>1,688,208</b>
Less: Expenses included with revenue on statement of activities	(294,077)	(50,114)	-	-	-	(344,191)	(344,191)	(449,711)
<b>Total Expenses Per Statement of Activities</b>	<b>\$ 161,942</b>	<b>\$ 23,351</b>	<b>\$ 16,364</b>	<b>\$ 44,583</b>	<b>\$ 29,240</b>	<b>\$ 275,480</b>	<b>\$ 1,217,298</b>	<b>\$ 1,238,497</b>



**Assistance League of St. Louis  
Statement of Cash Flows  
Year Ended May 31, 2020  
(With Comparative Totals for 2019)**

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 61,581	\$ 74,074
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	38,771	42,819
Unrealized loss on investments	9,220	1,119
Loss on disposal of property and equipment	8,490	194
(Increase) decrease in assets:		
Other receivable	3,352	(593)
Prepaid expenses	(208)	4,837
Inventory	(4,126)	(117,546)
Increase (decrease) in liabilities:		
Accounts payable	11,114	(2,627)
Deferred revenue	1,425	(101)
Net Cash Provided by Operating Activities	129,619	2,176
Cash Flows From Investing Activities		
Purchases of investments	(222,201)	(178,901)
Proceeds from sales of investments	117,000	172,547
Purchases of property and equipment	(14,653)	(23,329)
Net Cash Used in Investing Activities	(119,854)	(29,683)
Cash Flows From Financing Activities		
Payments on mortgage payable	(15,401)	(14,561)
Net Cash Used in Financing Activities	(15,401)	(14,561)
Net Decrease in Cash and Cash Equivalents	(5,636)	(42,068)
Cash and Cash Equivalents, Beginning of Year	185,872	227,940
Cash and Cash Equivalents, End of Year	\$ 180,236	\$ 185,872

Supplemental Disclosures of Cash Flow Information

Cash paid for interest on the mortgage payable in 2020 and 2019 was \$2,876 and \$3,715, respectively.

**Assistance League of St. Louis**  
**Notes to Financial Statements**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

**1. Summary of Accounting Policies**

**Nature of Activities**

Assistance League of St. Louis (the "Chapter") is a not-for-profit volunteer service corporation whose members identify, develop, implement, and fund ongoing philanthropic programs to serve specific needs of children and adults in the St. Louis community. The Chapter was established in October 1987 under the guidelines of National Assistance League ("NAL") and is a chartered chapter of NAL. The Chapter provides the following programs:

- Operation School Bell® distributes new clothing, personal care items, and literary material to students in public schools.
- Operation Hug offers teddy bears to comfort individuals in traumatic and stressful situations.
- Steps to Success provides public school students with new shoes and socks.
- Project ROSE provides women and their children in secure shelters, women in transition services, or residential support programs with personal items, clothing, household, and special occasion items. In cooperation with other agencies, Project ROSE also provides personal care items and clothing to victims of sexual assault.
- My Own Fun Stuff provides activity kits for quiet entertainment to comfort children and adults in various settings to alleviate trauma, stress or difficult situations.
- Assistance League Outreach provides opportunities to fulfill needs in the community by responding to unmet needs on a one-time basis by providing services or goods.
- Waste Not provides donated and unsellable items (that cannot be used by other programs or resale shops) to other 501(c)(3) organizations which will distribute the items directly to members of the community who are in need.
- Scholarships provides funds for individuals who have experienced a personal life transition and wish to improve their situation by obtaining post-secondary education including remedial education or HiSet preparation.
- Beyond the Bell works with agencies to provide new uniform clothing to public school students not served by Operation School Bell. Books from Friends is part of Beyond the Bell and provides books to aspiring readers in public schools and agencies to promote literacy.

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

The Chapter is required by NAL to expend at least 65 percent of total expenditures on philanthropic programs each year.

**Assistance League of St. Louis**  
**Notes to Financial Statements**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

**Basis of Accounting**

The accompanying financial statements of the Chapter have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental U.S. GAAP. All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Chapter and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside for future operating needs.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Chapter. The income earned on any related investments may be subject to donor-imposed stipulations.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by class of net assets. 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 financial statements for the year ended May 31, 2019, from which the summarized information was derived.

**Assistance League of St. Louis**  
**Notes to Financial Statements**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

**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. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach. The guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value 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 and cash equivalents, other receivable, accounts payable, and mortgage payable approximate the carrying values at May 31, 2020 and 2019 based on their short maturities and/or the terms available to the Chapter in financial markets. There have been no changes in the methodologies used at May 31, 2020 and 2019.

**Cash and Cash Equivalents**

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

**Inventory**

The Chapter maintains an inventory of new clothing for use in its Operation School Bell® program which is stated at the lower of cost or net realizable value determined by the average cost method. 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. Additionally, the Chapter maintains other inventories for other programs which are stated at lower of cost or net realizable value. Cost is determined by the first-in, first-out, method, and net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

**Assistance League of St. Louis**  
**Notes to Financial Statements**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

**Investments**

The Chapter carries investments in marketable securities with readily determinable fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Restricted gains and losses and investment income, whose restrictions are met in the same period the gains and losses or income are recognized, are reported as revenues without donor restrictions.

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents are maintained at one financial institution and accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Chapter has not experienced any losses on its cash or cash equivalents. Investments are maintained by one investment institution, and are insured by the Securities Investor Protection Corporation (the "SIPC") up to \$500,000. Market risk is not covered. As of May 31, 2020, there were investment balances of \$707,040 in excess of SIPC limits at the brokerage firm.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying Statement of Financial Position. The Chapter does not believe investments represent a significant concentration of market risk inasmuch as the Chapter's investment portfolio is adequately diversified among issuers.

During the first quarter of 2020, the World Health Organization declared *COVID-19* to be a public health emergency. *COVID-19* has led to increased short-term market volatility and may have adverse long-term effects on the United States and international economies and markets in general. *COVID-19* may adversely impact the value of the Chapter's investments. Because of the uncertainties on valuation, international economies and business operations, values reflected in these financial statements may materially differ from the value received upon actual sale of those investments.

**Assistance League of St. Louis**  
**Notes to Financial Statements**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

**Property and Equipment**

The Chapter capitalizes all expenditures over \$500 for property and equipment at cost. Property and equipment is stated at cost for purchased assets or fair value at the date of donation in the case of donated assets. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation and amortization are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition. 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:

Building and building improvements	5-39 years
Land improvements	5-15 years
Computer equipment	3-5 years
Office equipment	5-7 years
Office furniture	5-7 years
Website	3 years
Leasehold improvements	5 years

**Long-Lived Asset Impairment**

The Chapter evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended May 31, 2020 and 2019.

**Endowment Fund**

The Chapter's primary investment objective, as it relates to the Endowment Fund, is to preserve principal, and the secondary investment objective is to maximize long-term growth and current income while avoiding excessive risk. One hundred percent of the original funds and the gains and losses generated by the funds with donor restrictions are to be held in perpetuity by the Chapter. The interest and dividends may be used to supplement the Chapter's annual operating budget.

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Chapter follows FASB guidance on accounting for the net assets classification of endowment funds with donor restrictions for a not-for-profit organization that is subject to the enacted version of the SPMIFA. The Chapter has determined that the donations made meet the definition of endowment funds under SPMIFA.

**Assistance League of St. Louis**  
**Notes to Financial Statements**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

The Chapter has interpreted the SPMIFA as requiring the preservation of the original gift amount. As a result of this interpretation, the Chapter classifies as net assets with donor restrictions the original value of gifts donated to the endowment. The remaining portion of funds are appropriated for expenditure by the Chapter in a manner consistent with the standard of prudence prescribed by SPMIFA.

**Deferred Revenue**

Deferred revenue at May 31, 2020 and 2019 consists of payments received for membership dues for the 2021 and 2020 fiscal year, respectively. These payments will be recognized as income in the period in which they are earned. Changes in the deferred revenue balances during the years ended May 31, 2020 and 2019 were not materially impacted by any other factors. Deferred revenue at May 31, 2020, 2019, and 2018 totaled \$33,975, \$32,550, and \$32,651, respectively.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions in which the restrictions are met in the same reporting period as received are reported as support without donor restrictions.

**Revenue Recognition**

Revenue from product sales is recognized when control of these products is transferred to the customer, in an amount that reflects the consideration the Chapter expects to be entitled to in exchange for those products. The Chapter does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than one year.

Revenue from membership dues is generally recognized over time as the Chapter's performance allows the members to simultaneously receive and consume the benefits as the Chapter performs the service. Generally, membership dues are recognized on a straight-line basis over such service period when the Chapter's inputs are expended evenly, and the member receives and consumes the benefits of the Chapter's performance throughout the contract term.

**Assistance League of St. Louis**  
**Notes to Financial Statements**  
**May 31, 2020**  
**(With Comparative Totals for 2019)**

**Donated Materials and Services**

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations and are reflected in the accompanying Statement of Activities at their fair values at the date of donation.

In addition, all of the Chapter's functions and programs are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the years ended May 31, 2020 and 2019, these volunteers donated approximately 65,000 and 79,000 hours, respectively, with an estimated value of \$1,745,900 and \$2,036,620, respectively. This value was computed using an estimated hourly rate of \$26.86 in 2020 and \$25.78 in 2019, based upon the average hourly earnings of nonagricultural workers for the time period, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12 percent for estimated fringe benefits.

**Tax Status**

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Chapter is also exempt from state income taxes under the Revenue and Taxation Code of the State of Missouri.

The Chapter follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax laws and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Chapter's returns for tax years 2016 and later remain subject to examination by taxing authorities.

**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.

**Expense Allocation**

The costs of program services and supporting activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.



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**Subsequent Events**

The Chapter has evaluated subsequent events through August 26, 2020, the date the financial statements were available to be issued.

**Recent Accounting Pronouncement**

**Leases**

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the Statement of Financial Position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the Statement of Financial Position. The guidance will be required for the first fiscal year beginning after December 15, 2020. Based on a preliminary analysis, the Chapter does expect the new guidance will have a significant impact on its financial statements.

**2. Change in Accounting Principle**

During the year ended May 31, 2020, the Chapter changed its method of presentation and disclosure of revenue recognition in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The major changes associated with ASU 2014-09 are to create a single framework for recognizing revenue from contracts with customers that fall within its scope. Adoption of ASU 2014-09 had no impact on the Chapter's prior revenue recognition process.

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**3. Cash and Cash Equivalents**

Cash and cash equivalents at May 31, consist of the following:

	<u>2020</u>	<u>2019</u>
Checking accounts:		
US Bank	\$ 162,726	\$ 104,462
Total checking accounts	<u>162,726</u>	<u>104,462</u>
Savings accounts:		
Edward Jones - money market funds	17,510	81,410
Total savings accounts	<u>17,510</u>	<u>81,410</u>
Total Cash and Cash Equivalents	<u>\$ 180,236</u>	<u>\$ 185,872</u>

**4. Inventory**

Inventory at May 31, consists of the following:

	<u>2020</u>	<u>2019</u>
New clothing for use in Operation School Bell® program	\$ 81,847	\$ 79,601
Books for use in Operation School Bell® program	27,091	8,928
Used clothing and household items held for sale at thrift shop	80,051	93,088
Activity items for use in My Own Fun Stuff program	15,613	10,234
Stuffed bears for use in Operation Hug program	-	7,315
Clothing and personal items for use in Project ROSE program	11,421	15,703
Steps for use in Steps to Success program	2,972	-
	<u>\$ 218,995</u>	<u>\$ 214,869</u>

**5. Investments**

Investments are stated at fair value and consist of the following at May 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Mutual funds:			
Large U.S. Equity	\$ 609,300	\$ 231,738	\$ 841,038
Large International Equity	<u>161,064</u>	<u>204,938</u>	<u>366,002</u>
Total Investments	<u>\$ 770,364</u>	<u>\$ 436,676</u>	<u>\$ 1,207,040</u>

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Investments are stated at fair value and consist of the following at May 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Mutual funds:			
Large U.S. Equity	\$ 479,280	\$ 230,681	\$ 709,961
Large International Equity	<u>185,485</u>	<u>215,613</u>	<u>401,098</u>
Total Investments	<u>\$ 664,765</u>	<u>\$ 446,294</u>	<u>\$ 1,111,059</u>

Following is a description of the valuation methodologies used for instruments measured at fair value.

Level 1 investments consist of publicly traded mutual funds, which are valued at the net asset value of shares at year-end.

The fair value of investments at May 31, is measured as follows:

	<u>2020</u>			
	<u>Total</u>	<u>Fair Value Measurements</u>		<u>Level 3</u>
		<u>Level 1</u>	<u>Level 2</u>	
Mutual funds:				
Large U.S. Equity	\$ 841,038	\$ 841,038	\$ -	\$ -
Large International Equity	<u>366,002</u>	<u>366,002</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,207,040</u>	<u>\$ 1,207,040</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2019</u>			
	<u>Total</u>	<u>Fair Value Measurements</u>		<u>Level 3</u>
		<u>Level 1</u>	<u>Level 2</u>	
Mutual funds:				
Large U.S. Equity	\$ 709,961	\$ 709,961	\$ -	\$ -
Large International Equity	<u>401,098</u>	<u>401,098</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,111,059</u>	<u>\$ 1,111,059</u>	<u>\$ -</u>	<u>\$ -</u>

Investments and net assets with donor restrictions (the "Endowment Fund") consist of funds designated by the donor to be held in perpetuity by the Chapter. The interest and dividends may be used to supplement the Chapter's annual operating budget.

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Investment return for the year ended May 31, 2020 is summarized as follows:

	Without Donor <u>Restriction</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Interest	\$ 64	\$ -	\$ 64
Dividends	33,974	-	33,974
Net unrealized loss	<u>(2,108)</u>	<u>(7,112)</u>	<u>(9,220)</u>
Total Investment Return, net	<u>\$ 31,930</u>	<u>\$ (7,112)</u>	<u>\$ 24,818</u>

Investment return for the year ended May 31, 2019 is summarized as follows:

	Without Donor <u>Restriction</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Dividends	\$ 31,111	\$ -	\$ 31,111
Net unrealized gain (loss)	7,346	(8,465)	(1,119)
Total Investment Return, net	<u>\$ 38,457</u>	<u>\$ (8,465)</u>	<u>\$ 29,992</u>

**6. Property and Equipment**

Property and equipment at May 31, consists of the following:

	<u>2020</u>	<u>2019</u>
Building and building improvements	\$ 815,961	\$ 815,862
Land and land improvements	623,820	623,820
Computer equipment	41,229	39,727
Office equipment	15,423	19,726
Office furniture	16,333	16,333
Website	10,761	10,761
Leasehold improvements	<u>24,634</u>	<u>24,634</u>
	1,548,161	1,550,863
Less: Accumulated depreciation and amortization	<u>383,158</u>	<u>353,252</u>
Net Property and Equipment	<u>\$ 1,165,003</u>	<u>\$ 1,197,611</u>

Depreciation and amortization expense was \$38,771 and \$42,819 for the years ended May 31, 2020 and 2019, respectively.

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**7. Leases**

The Chapter leases retail space for its resale shop under an operating lease that expires in February 2025. Under the terms of the lease, the Chapter is obligated to pay escalation rentals for certain operating expenses and real estate taxes. Minimum future lease payments due under the lease at May 31, 2020, are summarized as follows:

<u>Years Ending May 31,</u>	
2021	\$ 76,996
2022	77,727
2023	78,459
2024	79,190
2025	<u>59,804</u>
	<u>\$ 372,176</u>

Lease expense, which includes common area maintenance charges, was \$113,521 and \$107,107 for the years ended May 31, 2020 and 2019, respectively.

**8. Mortgage Payable**

The Chapter has a 5.0 percent fixed rate, fully amortizable mortgage loan. The interest rate is recalculated every five years based on United States Treasury obligations. The mortgage payable is secured by the building owned by the Chapter. The required monthly principal and interest is \$1,523, and the last payment and remaining principal are due April 1, 2025. The Chapter has prepaid principal over the term of the loan. Based on current scheduled principal payments, the loan will be paid in full during fiscal year 2023.

At May 31, 2020 the scheduled principal payments are as follows:

<u>Fiscal Years</u>	
2021	\$ 16,439
2022	17,307
2023	<u>10,679</u>
	<u>\$ 44,425</u>

Interest expense was \$2,876 and \$3,715 for the years ended May 31, 2020 and 2019, respectively.

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**9. Liquidity and Availability of Financial Assets**

The following reflects the Chapter's financial assets as of May 31, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board approves that action.

	2020	2019
Cash and cash equivalents	\$ 180,236	\$ 185,872
Other receivable	-	3,352
Operating investments	1,207,040	1,111,059
Contractual or donor-imposed restrictions:		
Restricted investments	(436,676)	(446,294)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 950,600	\$ 853,989

The Chapter's restricted investments consist of donor-restricted endowments and building maintenance funds. Income from donor-restricted endowments is available for general use. Donor-restricted endowment funds and building maintenance funds are not available for general expenditure.

The Chapter's primary sources of support are contributions, thrift shop revenue, special events, membership income, and income from investing its endowment. Some support is required to be used in accordance with the purpose restrictions imposed by the donors. As part of a liquidity management plan, the Chapter invests cash in excess of daily requirements in money market funds and mutual funds.

**10. Net Assets**

At May 31, net assets are restricted by donors or designated by the Chapter as follows:

	2020	2019
Net Assets Without Donor Restrictions:		
Undesignated	\$ 2,271,575	\$ 1,093,376
Board designated:		
Fiscal year 2020 operating needs	-	1,107,000
Total Net Assets Without Donor Restrictions	2,271,575	2,200,376
Net Assets With Donor Restrictions:		
Headquarters building and improvements	229,756	244,100
Endowment	206,920	202,194
Total Net Assets With Donor Restrictions	436,676	446,294
Total Net Assets	\$ 2,708,251	\$ 2,646,670

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For the year ended May 31, 2020 net assets released from restrictions totaling \$14,344 were for headquarters building and improvements. There were no net assets released from restrictions for the year ended May 31, 2019.

**11. Endowment Funds**

Endowment funds consists of funds established by donors to provide annual funding for general operations. The Board of Directors has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At May 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the Chapter retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Chapter in a manner consistent with the standard of prudence prescribed by SPMIFA. The Chapter considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Chapter and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Chapter
- The investment policies of the Chapter

Endowment funds at May 31, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 206,920	\$ 206,920

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	2019		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 202,194	\$ 202,194

The Chapter has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments.

Changes in endowment net assets for the years ended May 31, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 202,194	\$ 202,194
Contributions	-	11,838	11,838
Investment income	8,280	-	8,280
Unrealized gain (loss)	2,535	(7,112)	(4,577)
Amounts appropriated for expenditure	(10,815)	-	(10,815)
Endowment net assets, end of year	\$ -	\$ 206,920	\$ 206,920

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 205,641	\$ 205,641
Contributions	-	5,018	5,018
Investment income	7,760	-	7,760
Unrealized gain (loss)	3,923	(8,465)	(4,542)
Amounts appropriated for expenditure	(11,683)	-	(11,683)
Endowment net assets, end of year	\$ -	\$ 202,194	\$ 202,194



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**12. Membership Activities**

For the years ended May 31, revenues and expenses associated with membership activities are as follows:

	2020	2019
Revenues:		
Members' dues	\$ 37,120	\$ 38,700
Other	5,665	6,681
Total Revenues	42,785	45,381
Expenses:		
NAL dues	20,080	20,760
Annual meeting	-	4,364
Membership committee	1,008	1,389
Other	8,152	7,590
Total Expenses	29,240	34,103
	\$ 13,545	\$ 11,278

**13. Special Events and Other Fundraising Activities**

The Chapter conducts various special events and other fundraising activities to help fund current operations. The revenue and related expenses from such events and other fundraising activities are as follows:

For the year ended May 31, 2020:

		Direct Costs			
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Event	Revenue				Net Revenue
Dinner Auction	\$ 337,482	\$ -	\$ 50,114	\$ 19,881	\$ 267,487
Other	28	-	-	3,470	(3,442)
Total Special Events	\$ 337,510	\$ -	\$ 50,114	\$ 23,351	\$ 264,045

For the year ended May 31, 2019:

		Direct Costs			
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Event	Revenue				Net Revenue
Dinner Auction	\$ 267,077	\$ -	\$ 26,857	\$ 9,920	\$ 230,300
Author's Brunch	88,076	2,753	16,789	5,707	62,827
Other	1,561	-	-	-	1,561
Total Special Events	\$ 356,714	\$ 2,753	\$ 43,646	\$ 15,627	\$ 294,688

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**14. In-kind Donations**

For the years ended May 31, in addition to contributions of merchandise to the Chapter's thrift shop, the Chapter received other noncash contributions of materials that have been reflected in the financial statements of the Chapter as follows:

	<u>2020</u>	<u>2019</u>
Operating supplies	\$ 104	\$ 1,993
Program supplies	<u>295,588</u>	<u>266,462</u>
Total In-kind Donations	<u><u>\$ 295,692</u></u>	<u><u>\$ 268,455</u></u>