



ASSISTANCE LEAGUE® OF ST. LOUIS

Financial Statements
and Independent Auditors' Report

**YEAR ENDED MAY 31, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2021**



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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Assistance League of St. Louis (a not-for-profit organization), which comprise the statements of financial position as of May 31, 2022, and the related statements of activities, functional expenses, and cash flows 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 St. Louis as of May 31, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Assistance League of St. Louis 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 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.

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 St. Louis's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 St. Louis'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 St. Louis'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 the Assistance League of St. Louis 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 2, 2022

Assistance League of St. Louis
Statement of Financial Position
May 31, 2022
(With Comparative Totals for 2021)

ASSETS

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 237,866	\$ 214,471
Prepaid expenses	22,532	40,706
Inventory (Note 3)	307,625	385,414
Investments (Note 4)	1,823,310	1,623,035
Property and equipment, net (Note 5)	<u>1,307,862</u>	<u>1,150,483</u>
 Total Assets	 <u>\$ 3,699,195</u>	 <u>\$ 3,414,109</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 8,457	\$ 22,209
Deferred revenue	<u>33,555</u>	<u>68,140</u>
Total Liabilities	<u>42,012</u>	<u>90,349</u>
 NET ASSETS (Note 9)		
Without donor restrictions	3,355,090	2,849,848
With donor restrictions	<u>302,093</u>	<u>473,912</u>
Total Net Assets	<u>3,657,183</u>	<u>3,323,760</u>
 Total Liabilities and Net Assets	 <u>\$ 3,699,195</u>	 <u>\$ 3,414,109</u>

Assistance League of St. Louis
Statement of Activities
Year Ended May 31, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Support and Revenues				
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	\$ 437,529	\$ -	\$ 437,529	\$ 318,501
Sales of donated merchandise	449,897	-	449,897	319,901
Less: Value of merchandise sold	(437,529)	-	(437,529)	(318,501)
Net revenue - thrift shop	449,897	-	449,897	319,901
Special events and other fundraising activities revenue (Note 12)	386,173	-	386,173	281,601
Less cost of direct benefits to donors	(60,823)	-	(60,823)	(16,246)
Net revenue from special events and other fundraising activities	325,350	-	325,350	265,355
Contributions	298,913	5,327	304,240	297,897
In-kind donations (Note 13)	267,477	-	267,477	229,438
Membership (Note 11)	41,794	-	41,794	45,500
Investment return (Note 4)	47,336	(8,555)	38,781	326,332
Satisfaction of time and usage restrictions	168,591	(168,591)	-	-
Total Revenues, Gains and Other Support	1,599,358	(171,819)	1,427,539	1,484,423
Expenses				
Program Services				
Operation School Bell®	337,543	-	337,543	273,149
Steps to Success	147,486	-	147,486	79,943
Project ROSE	89,157	-	89,157	91,309
My Own Fun Stuff	16,316	-	16,316	17,927
Assistance League Outreach	102,542	-	102,542	90,793
Books From Friends	159,520	-	159,520	82,980
Total Program Services	852,564	-	852,564	636,101
Supporting Activities				
Fundraising:				
Thrift shop	159,275	-	159,275	146,544
Special events and other fundraising activities indirect costs (Note 12)	16,285	-	16,285	24,243
Other fundraising	10,809	-	10,809	8,104
Management and general	23,722	-	23,722	24,235
Membership (Note 11)	31,461	-	31,461	29,687
Total Supporting Activities	241,552	-	241,552	232,813
Total Expenses	1,094,116	-	1,094,116	868,914
Change in Net Assets	505,242	(171,819)	333,423	615,509
Net Assets, Beginning of Year	2,849,848	473,912	3,323,760	2,708,251
Net Assets, End of Year	\$ 3,355,090	\$ 302,093	\$ 3,657,183	\$ 3,323,760

Assistance League of St. Louis
Statement of Functional Expenses
Year Ended May 31, 2022
(With Comparative Totals for 2021)

	Year Ended May 31, 2022						
	PROGRAM SERVICES						
	Operation School Bell®	Steps to Success	Project ROSE	My Own Fun Stuff	Assistance League Outreach	Books From Friends	Total
Supplies	\$ 214,182	\$ 87,455	\$ 34,737	\$ 10,250	\$ 52,640	\$ 69,767	\$ 469,031
Rent and CAM charges	-	-	-	-	-	-	-
Utilities	8,832	1,577	946	631	1,262	631	13,879
Repairs and maintenance	9,868	1,762	1,057	705	1,410	705	15,507
Insurance	4,452	795	477	318	636	318	6,996
Credit card expenses	3,026	550	275	220	550	220	4,841
Moving and storage	-	-	-	-	-	-	-
Value of merchandise	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Office supplies	1,871	492	295	197	345	148	3,348
Other	-	-	-	-	-	-	-
Printing and postage	-	-	-	-	-	-	-
Professional services	13,693	2,107	1,053	702	2,107	1,404	21,066
Information technology	4,822	622	-	622	778	622	7,466
Promotion	10,035	2,641	1,584	1,056	1,849	792	17,957
National Conference and meetings	870	18	36	18	54	18	1,014
Education	406	107	64	42	75	32	726
National dues	-	-	-	-	-	-	-
In-kind	43,718	45,473	46,301	-	37,726	83,308	256,526
Depreciation and amortization	21,768	3,887	2,332	1,555	3,110	1,555	34,207
Total Expenses	337,543	147,486	89,157	16,316	102,542	159,520	852,564
Less: Expenses included with revenue on statement of activities	-	-	-	-	-	-	-
Total Expenses Per Statement of Activities	<u>\$ 337,543</u>	<u>\$ 147,486</u>	<u>\$ 89,157</u>	<u>\$ 16,316</u>	<u>\$ 102,542</u>	<u>\$ 159,520</u>	<u>\$ 852,564</u>

Assistance League of St. Louis
Statement of Functional Expenses
Year Ended May 31, 2022
(With Comparative Totals for 2021)

	Year Ended May 31, 2022							
	SUPPORTING ACTIVITIES						Year Ended	Year Ended
	Thrift Shop	Special Events	Other Fundraising	Management and General	Membership	Total	May 31, 2022 Total	May 31, 2021 Total
Supplies	\$ 4,261	\$ -	\$ -	\$ -	\$ 11,288	\$ 15,549	\$ 484,580	\$ 299,894
Rent and CAM charges	109,111	-	-	-	-	109,111	109,111	107,022
Utilities	12,229	315	315	1,262	-	14,121	28,000	28,297
Repairs and maintenance	7,664	352	352	1,410	-	9,778	25,285	22,442
Insurance	4,194	158	158	636	-	5,146	12,142	11,446
Credit card expenses	10,597	3,879	110	550	-	15,136	19,977	13,385
Moving and storage	1,546	-	-	-	-	1,546	1,546	1,581
Value of merchandise	437,529	-	-	-	-	437,529	437,529	318,501
Food	-	47,485	-	-	-	47,485	47,485	-
Entertainment	-	13,542	-	-	-	13,542	13,542	23,343
Interest expense	-	-	-	-	-	-	-	1,604
Office supplies	246	394	393	492	49	1,574	4,922	6,688
Other	-	68	-	2,741	231	3,040	3,040	5,285
Printing and postage	758	4,116	2,676	-	-	7,550	7,550	4,917
Professional services	3,511	1,404	1,755	7,022	351	14,043	35,109	29,191
Information technology	467	1,555	1,244	3,733	1,089	8,088	15,554	18,141
Promotion	1,320	2,508	2,112	2,641	264	8,845	26,802	16,475
National Conference and meetings	635	73	54	18	18	798	1,812	1,076
Education	53	86	85	107	11	342	1,068	123
National dues	-	-	-	-	18,160	18,160	18,160	20,000
In-kind	559	1,173	-	-	-	1,732	258,258	231,382
Depreciation and amortization	2,124	-	1,555	3,110	-	6,789	40,996	42,868
Total Expenses	596,804	77,108	10,809	23,722	31,461	739,904	1,592,468	1,203,661
Less: Expenses included with revenue on statement of activities	(437,529)	(60,823)	-	-	-	(498,352)	(498,352)	(334,747)
Total Expenses Per Statement of Activities	\$ 159,275	\$ 16,285	\$ 10,809	\$ 23,722	\$ 31,461	\$ 241,552	\$ 1,094,116	\$ 868,914

Assistance League of St. Louis
Statement of Cash Flows
Year Ended May 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 333,423	\$ 615,509
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	40,996	42,868
Unrealized gain on investments	(48,300)	(285,570)
Loss on disposal of property and equipment	231	2,734
(Increase) decrease in assets:		
Prepaid expenses	18,174	(11,176)
Inventory	77,789	(166,419)
Increase (decrease) in liabilities:		
Accounts payable	(13,752)	8,056
Deferred revenue	(34,585)	34,165
Net Cash Provided by Operating Activities	<u>373,976</u>	<u>240,167</u>
Cash Flows From Investing Activities		
Purchases of investments	(274,475)	(234,580)
Proceeds from sales of investments	122,500	104,156
Purchases of property and equipment	(198,606)	(31,083)
Net Cash Used in Investing Activities	<u>(350,581)</u>	<u>(161,507)</u>
Cash Flows From Financing Activities		
Payments on mortgage payable	-	(44,425)
Net Cash Used in Financing Activities	<u>-</u>	<u>(44,425)</u>
Net Increase in Cash and Cash Equivalents	23,395	34,235
Cash and Cash Equivalents, Beginning of Year	<u>214,471</u>	<u>180,236</u>
Cash and Cash Equivalents, End of Year	<u>\$ 237,866</u>	<u>\$ 214,471</u>

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2022
(With Comparative Totals for 2021)

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.
- 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.
- Books From Friends provides books to various local schools to promote literacy in the St. Louis Community.

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.

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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2022
(With Comparative Totals for 2021)

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, 2021, from which the summarized information was derived.

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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2022
(With Comparative Totals for 2021)

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.

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. At May 31, 2022, there were cash balances of \$46,919 in excess of FDIC limits at the bank. 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, as well as additional coverage offered by the individual brokerage firm. Market risk is not covered by the SPIC.

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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2022
(With Comparative Totals for 2021)

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	5-39 years
Computer equipment	3-7 years
Office equipment	5-7 years
Office furniture	5-7 years
Website	5 years
Leasehold improvements	3-5 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. Management does not believe any impairment exists as of May 31, 2022 and 2021.

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, 2022
(With Comparative Totals for 2021)

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, 2022 and 2021 consists of payments received for membership dues for the 2023 and 2022 fiscal year, respectively, and payments received for events in the next fiscal year. 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, 2022 and 2021 were not materially impacted by any other factors. Deferred revenue at May 31, 2022, 2021, and 2020 totaled \$33,555, \$68,140, and \$33,975, 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, 2022
(With Comparative Totals for 2021)

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, 2022 and 2021, these volunteers donated approximately 61,200 and 57,000 hours, respectively, with an estimated value of \$1,818,864 and \$1,599,420, respectively. This value was computed using an estimated hourly rate of \$29.72 in 2022 and \$28.06 in 2021, 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 2018 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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2022
(With Comparative Totals for 2021)

Subsequent Events

The Chapter has evaluated subsequent events through September 2, 2022, 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, 2021. Based on a preliminary analysis, the Chapter does expect the new guidance will have a significant impact on its financial statements.

2. Cash and Cash Equivalents

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

	<u>2022</u>	<u>2021</u>
Checking accounts:		
US Bank	\$ 237,866	\$ 204,166
Total checking accounts	<u>237,866</u>	<u>204,166</u>
Savings accounts:		
Edward Jones - money market funds	<u>-</u>	<u>10,305</u>
Total savings accounts	<u>-</u>	<u>10,305</u>
Total Cash and Cash Equivalents	<u>\$ 237,866</u>	<u>\$ 214,471</u>

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3. Inventory

Inventory at May 31, consists of the following:

	<u>2022</u>	<u>2021</u>
New clothing for use in Operation School Bell® program	\$ 175,345	\$ 233,679
Books for use in Books From Friends program	13,341	39,199
Used clothing and household items held for sale at thrift shop	79,647	75,335
Activity items for use in My Own Fun Stuff program	-	13,356
Donated items for Assistance League Outreach	16,871	13,387
Clothing and personal items for use in Project ROSE program	<u>22,421</u>	<u>10,458</u>
	<u>\$ 307,625</u>	<u>\$ 385,414</u>

4. Investments

Investments are stated at fair value and consist of the following at May 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Mutual funds:			
Large U.S. Equity	\$ 1,227,287	\$ 172,286	\$ 1,399,573
Large Blend	69,914	-	69,914
Large International Equity	<u>224,103</u>	<u>129,720</u>	<u>353,823</u>
Total Investments	<u>\$ 1,521,304</u>	<u>\$ 302,006</u>	<u>\$ 1,823,310</u>

Investments are stated at fair value and consist of the following at May 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Mutual funds:			
Large U.S. Equity	\$ 972,132	\$ 251,875	\$ 1,224,007
Large International Equity	<u>182,504</u>	<u>216,524</u>	<u>399,028</u>
Total Investments	<u>\$ 1,154,636</u>	<u>\$ 468,399</u>	<u>\$ 1,623,035</u>

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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:

2022				
	Total	Fair Value Measurements Level 1	Level 2	Level 3
Mutual funds:				
Large U.S. Equity	\$ 1,399,573	\$ 1,399,573	\$ -	\$ -
Large Blend	69,914	69,914	-	-
Large International Equity	<u>353,823</u>	<u>353,823</u>	-	-
Total Investments	<u>\$ 1,823,310</u>	<u>\$ 1,823,310</u>	<u>\$ -</u>	<u>\$ -</u>
2021				
	Total	Fair Value Measurements Level 1	Level 2	Level 3
Mutual funds:				
Large U.S. Equity	\$ 1,224,007	\$ 1,224,007	\$ -	\$ -
Large International Equity	<u>399,028</u>	<u>399,028</u>	-	-
Total Investments	<u>\$ 1,623,035</u>	<u>\$ 1,623,035</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.

Investment return for the year ended May 31, 2022 is summarized as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Dividends	\$ 87,082	\$ -	\$ 87,082
Net unrealized gain	<u>(39,746)</u>	<u>(8,555)</u>	<u>(48,301)</u>
Total Investment Return, net	<u>\$ 47,336</u>	<u>\$ (8,555)</u>	<u>\$ 38,781</u>

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Investment return for the year ended May 31, 2021 is summarized as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Dividends	\$ 40,762	\$ -	\$ 40,762
Net unrealized gain (loss)	239,259	46,311	285,570
Total Investment Return, net	<u>\$ 280,021</u>	<u>\$ 46,311</u>	<u>\$ 326,332</u>

5. Property and Equipment

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

	2022	2021
Building and building improvements	\$ 999,142	\$ 827,571
Land and land improvements	623,820	623,820
Computer equipment	45,902	41,484
Office equipment	7,516	7,516
Office furniture	16,333	16,333
Website	10,761	10,761
Leasehold improvements	<u>47,735</u>	<u>34,478</u>
	1,751,209	1,561,963
Less: Accumulated depreciation and amortization	<u>443,347</u>	<u>411,480</u>
Net Property and Equipment	<u>\$ 1,307,862</u>	<u>\$ 1,150,483</u>

Depreciation and amortization expense was \$40,996 and \$42,868 for the years ended May 31, 2022 and 2021, respectively.

6. 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, 2022, are summarized as follows:

<u>Years Ending May 31,</u>	
2023	\$ 78,459
2024	79,190
2025	<u>59,804</u>
	<u>\$ 217,453</u>

Lease expense, which includes common area maintenance charges, was \$109,111 and \$107,022 for the years ended May 31, 2022 and 2021, respectively.

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7. Mortgage Payable

The Chapter had a 5.0 percent fixed rate, fully amortizable mortgage loan. The interest rate was recalculated every five years based on United States Treasury obligations. The mortgage payable was secured by the building owned by the Chapter. The required monthly principal and interest was \$1,523. The Chapter paid the mortgage loan off on May 3, 2021.

Interest expense was \$1,604 for the year ended May 31, 2021. There was no interest expense for the year ended May 31, 2022.

8. 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.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 237,866	\$ 214,471
Operating investments	1,823,310	1,623,035
Contractual or donor-imposed restrictions:		
Restricted investments	<u>(302,093)</u>	<u>(473,912)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,759,083</u>	<u>\$ 1,363,594</u>

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.

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9. Net Assets

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

	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restrictions:		
Undesignated	<u>\$ 3,355,090</u>	<u>\$ 2,849,848</u>
Net Assets With Donor Restrictions:		
Headquarters building and improvements	46,820	215,412
Endowment	<u>255,273</u>	<u>258,500</u>
Total Net Assets With Donor Restrictions	<u>302,093</u>	<u>473,912</u>
Total Net Assets	<u><u>\$ 3,657,183</u></u>	<u><u>\$ 3,323,760</u></u>

For the year ended May 31, 2022 net assets released from restrictions totaling \$168,591 were for headquarters building and improvements.

10. 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, 2022 and 2021, 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

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Endowment funds at May 31, are as follows:

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ -</u>	<u>\$ 255,273</u>	<u>\$ 255,273</u>

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ -</u>	<u>\$ 258,500</u>	<u>\$ 258,500</u>

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:

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 258,500	\$ 258,500
Contributions	-	5,328	5,328
Investment income	15,073	-	15,073
Unrealized gain	4,299	(8,555)	(4,256)
Amounts appropriated for expenditure	<u>(19,372)</u>	<u>-</u>	<u>(19,372)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 255,273</u>	<u>\$ 255,273</u>

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	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 206,920	\$ 206,920
Contributions	-	5,269	5,269
Investment income	8,842	-	8,842
Unrealized gain (loss)	8,920	46,311	55,231
Amounts appropriated for expenditure	<u>(17,762)</u>	<u>-</u>	<u>(17,762)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 258,500</u>	<u>\$ 258,500</u>

11. Membership Activities

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

	2022	2021
Revenues:		
Members' dues	\$ 36,750	\$ 37,200
Other	<u>5,044</u>	<u>8,300</u>
Total Revenues	<u>41,794</u>	<u>45,500</u>
Expenses:		
NAL dues	18,160	20,000
Membership committee	802	2,075
Other	<u>12,499</u>	<u>7,612</u>
Total Expenses	<u>31,461</u>	<u>29,687</u>
	<u>\$ 10,333</u>	<u>\$ 15,813</u>

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12. 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, 2022:

Event	Revenue	Direct Costs			Net Revenue
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Golf Event	\$ 39,415	\$ -	\$ 7,430	\$ 833	\$ 31,152
Dinner Auction	265,980	-	30,351	10,355	225,274
Author's Brunch	80,778	2,737	20,305	5,097	52,639
Total Special Events	<u>\$ 386,173</u>	<u>\$ 2,737</u>	<u>\$ 58,086</u>	<u>\$ 16,285</u>	<u>\$ 309,065</u>

For the year ended May 31, 2021:

Event	Revenue	Direct Costs			Net Revenue
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Dinner Auction	\$ 227,807	\$ -	\$ 11,119	\$ 6,852	\$ 209,836
Author's Brunch	53,794	2,027	3,100	17,391	31,276
Total Special Events	<u>\$ 281,601</u>	<u>\$ 2,027</u>	<u>\$ 14,219</u>	<u>\$ 24,243</u>	<u>\$ 241,112</u>

13. 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:

	2022	2021
Operating supplies	\$ 2,419	\$ 2,462
Program supplies	265,058	226,976
Total In-kind Donations	<u>\$ 267,477</u>	<u>\$ 229,438</u>