



ASSISTANCE LEAGUE® OF ST. LOUIS

Financial Statements
and Independent Auditors' Report

**YEAR ENDED MAY 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED MAY 31, 2022)**



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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 statement of financial position as of May 31, 2023, 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, 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 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, 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 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 Assistance League of St. Louis's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 8, 2023

Assistance League of St. Louis
Statement of Financial Position
May 31, 2023
(With Summarized Comparative Information for 2022)

ASSETS

	2023	2022
ASSETS		
Cash and cash equivalents (Note 3)	\$ 224,350	\$ 237,866
Prepaid expenses	41,279	22,532
Inventory (Note 4)	433,056	307,625
Investments (Note 5)	2,038,686	1,823,310
Property and equipment, net (Note 6)	1,312,394	1,307,862
Operating Right-of-use Asset (Note 7)	133,670	-
 Total Assets	 \$ 4,183,435	 \$ 3,699,195

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 3,767	\$ 8,457
Deferred revenue	37,400	33,555
Operating lease liability	133,400	-
Total Liabilities	174,567	42,012
NET ASSETS (Note 9)		
Without donor restrictions	3,755,247	3,355,090
With donor restrictions	253,621	302,093
Total Net Assets	4,008,868	3,657,183
 Total Liabilities and Net Assets	 \$ 4,183,435	 \$ 3,699,195

Assistance League of St. Louis
Statement of Activities
Year Ended May 31, 2023
(With Summarized Comparative Information for 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
Support and Revenues				
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	\$ 500,450	\$ -	\$ 500,450	\$ 437,529
Sales of donated merchandise	503,291	-	503,291	449,897
Less: Value of merchandise sold	<u>(500,450)</u>	<u>-</u>	<u>(500,450)</u>	<u>(437,529)</u>
Net revenue - thrift shop	503,291	-	503,291	449,897
Special events and other fundraising activities revenue (Note 13)	442,826	-	442,826	386,173
Less cost of direct benefits to donors	<u>(60,910)</u>	<u>-</u>	<u>(60,910)</u>	<u>(60,823)</u>
Net revenue from special events and other fundraising activities	381,916	-	381,916	325,350
Contributions	404,172	4,968	409,140	304,240
In-kind donations (Note 10)	407,635	-	407,635	267,477
Membership (Note 12)	43,107	-	43,107	41,794
Investment return (Note 5)	<u>(35,404)</u>	<u>(22,343)</u>	<u>(57,747)</u>	<u>38,781</u>
Satisfaction of time and usage restrictions	31,097	<u>(31,097)</u>	-	-
Total Revenues, Gains and Other Support	<u>1,735,814</u>	<u>(48,472)</u>	<u>1,687,342</u>	<u>1,427,539</u>
Expenses				
Program Services				
Operation School Bell®	452,377	-	452,377	337,543
Steps to Success	171,443	-	171,443	147,486
Project ROSE	109,169	-	109,169	89,157
My Own Fun Stuff	-	-	-	16,316
Assistance League Outreach	176,977	-	176,977	102,542
Books From Friends	<u>133,791</u>	<u>-</u>	<u>133,791</u>	<u>159,520</u>
Total Program Services	<u>1,043,757</u>	<u>-</u>	<u>1,043,757</u>	<u>852,564</u>
Supporting Activities				
Fundraising:				
Thrift shop	167,519	-	167,519	159,275
Special events and other fundraising activities indirect costs (Note 13)	19,892	-	19,892	16,285
Other fundraising	13,685	-	13,685	10,809
Management and general	27,598	-	27,598	23,722
Membership (Note 12)	<u>63,206</u>	<u>-</u>	<u>63,206</u>	<u>31,461</u>
Total Supporting Activities	<u>291,900</u>	<u>-</u>	<u>291,900</u>	<u>241,552</u>
Total Expenses	<u>1,335,657</u>	<u>-</u>	<u>1,335,657</u>	<u>1,094,116</u>
Change in Net Assets	400,157	(48,472)	351,685	333,423
Net Assets, Beginning of Year	<u>3,355,090</u>	<u>302,093</u>	<u>3,657,183</u>	<u>3,323,760</u>
Net Assets, End of Year	<u>\$ 3,755,247</u>	<u>\$ 253,621</u>	<u>\$ 4,008,868</u>	<u>\$ 3,657,183</u>

Assistance League of St. Louis
Statement of Functional Expenses
Year Ended May 31, 2023
(With Summarized Comparative Information for 2022)

	Year Ended May 31, 2023					
	PROGRAM SERVICES					
	Operation School Bell®	Steps to Success	Project ROSE	Assistance League Outreach	Books From Friends	Total
Supplies	\$ 205,706	\$ 102,352	\$ 53,779	\$ 91,278	\$ 55,818	\$ 508,933
Rent and CAM charges	-	-	-	-	-	-
Utilities	11,485	2,506	626	2,715	1,044	18,376
Repairs and maintenance	13,564	2,959	740	3,206	1,233	21,702
Insurance	4,458	973	243	1,054	405	7,133
Credit card expenses	4,344	948	237	1,027	395	6,951
Moving and storage	-	-	-	-	-	-
Value of merchandise	-	-	-	-	-	-
Food	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Office supplies	2,864	799	200	200	333	4,396
Other	-	-	-	-	-	-
Printing and postage	-	-	-	-	-	-
Professional services	12,192	2,438	610	1,524	305	17,069
Information technology	6,280	718	-	897	718	8,613
Promotion	18,234	5,089	1,272	1,272	2,120	27,987
National Conference and meetings	-	-	-	-	-	-
Education	327	91	23	23	38	502
National dues	-	-	-	-	-	-
In-kind	147,082	46,932	50,030	67,673	69,033	380,750
Depreciation and amortization	<u>25,841</u>	<u>5,638</u>	<u>1,409</u>	<u>6,108</u>	<u>2,349</u>	<u>41,345</u>
Total Expenses	452,377	171,443	109,169	176,977	133,791	1,043,757
Less: Expenses included with revenue on statement of activities	-	-	-	-	-	-
Total Expenses Per Statement of Activities	<u>\$ 452,377</u>	<u>\$ 171,443</u>	<u>\$ 109,169</u>	<u>\$ 176,977</u>	<u>\$ 133,791</u>	<u>\$ 1,043,757</u>

Assistance League of St. Louis
Statement of Functional Expenses (Continued)
Year Ended May 31, 2023
(With Summarized Comparative Information for 2022)

	Year Ended May 31, 2023						Year Ended May 31, 2023 Total	Year Ended May 31, 2022 Total
	SUPPORTING ACTIVITIES							
	Thrift Shop	Special Events	Other Fundraising	Management and General	Membership	Total		
Supplies	\$ 5,982	\$ -	\$ -	\$ -	\$ 25,331	\$ 31,313	\$ 540,246	\$ 484,580
Rent and CAM charges	113,119	-	-	-	-	113,119	113,119	109,111
Utilities	12,203	418	418	1,671	-	14,710	33,086	28,000
Repairs and maintenance	6,625	493	493	1,973	-	9,584	31,286	25,285
Insurance	3,743	162	162	648	-	4,715	11,848	12,142
Credit card expenses	11,677	3,630	158	790	-	16,255	23,206	19,977
Moving and storage	-	-	-	-	-	-	-	1,546
Value of merchandise	500,450	-	-	-	-	500,450	500,450	437,529
Food	-	46,822	-	-	-	46,822	46,822	47,485
Entertainment	-	14,163	-	-	-	14,163	14,163	13,542
Office supplies	333	666	533	666	67	2,265	6,661	4,922
Other	-	-	-	2,764	-	2,764	2,764	3,040
Printing and postage	558	4,547	2,551	-	-	7,656	7,656	7,550
Professional services	3,353	1,219	1,829	6,705	305	13,411	30,480	35,109
Information technology	539	1,794	1,436	4,307	1,256	9,332	17,945	15,554
Promotion	2,120	4,309	3,392	4,240	424	14,485	42,472	26,802
National Conference and meetings	-	-	-	-	-	-	-	1,812
Education	38	76	61	76	8	259	761	1,068
National dues	-	-	-	-	19,620	19,620	19,620	18,160
In-kind	-	2,503	772	-	16,195	19,470	400,220	258,258
Depreciation and amortization	7,229	-	1,880	3,758	-	12,867	54,212	40,996
Total Expenses	667,969	80,802	13,685	27,598	63,206	853,260	1,897,017	1,592,468
Less: Expenses included with revenue on statement of activities	<u>(500,450)</u>	<u>(60,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(561,360)</u>	<u>(561,360)</u>	<u>(498,352)</u>
Total Expenses Per Statement of Activities	<u>\$ 167,519</u>	<u>\$ 19,892</u>	<u>\$ 13,685</u>	<u>\$ 27,598</u>	<u>\$ 63,206</u>	<u>\$ 291,900</u>	<u>\$ 1,335,657</u>	<u>\$ 1,094,116</u>

Assistance League of St. Louis
Statement of Cash Flows
Year Ended May 31, 2023
(With Summarized Comparative Information for 2022)

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 351,685	\$ 333,423
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	54,212	40,996
Unrealized gain on investments	142,964	(48,300)
Loss on disposal of property and equipment	899	231
Non-cash lease expense	(270)	-
(Increase) decrease in assets:		
Prepaid expenses	(18,747)	18,174
Inventory	(125,431)	77,789
Increase (decrease) in liabilities:		
Accounts payable	(4,690)	(13,752)
Deferred revenue	3,845	(34,585)
Net Cash Provided by Operating Activities	404,467	373,976
Cash Flows From Investing Activities		
Purchases of investments	(383,340)	(274,475)
Proceeds from sales of investments	25,000	122,500
Purchases of property and equipment	(59,643)	(198,606)
Net Cash Used in Investing Activities	(417,983)	(350,581)
Net Increase (Decrease) in Cash and Cash Equivalents	(13,516)	23,395
Cash and Cash Equivalents, Beginning of Year	237,866	214,471
Cash and Cash Equivalents, End of Year	\$ 224,350	\$ 237,866

Noncash Operating, Investing, and Financing Activities

During 2023, the Chapter capitalized an operating right-of-use asset totaling \$207,115 with a corresponding operating lease liability totaling the same amount.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2023
(With Summarized Comparative Information for 2022)

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.
- 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, 2023
(With Summarized Comparative Information for 2022)

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, 2022, 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, 2023
(With Summarized Comparative Information for 2022)

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 two financial institutions and accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At May 31, 2023, there were cash no balances of in excess of FDIC limits at these banks. 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 SIPC.

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, 2023
(With Summarized Comparative Information for 2022)

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

Leases

The Chapter leases retail space for its resale shop. The Chapter assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Chapter has recognized a liability representing the future lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term. The Chapter's lease agreement does not provide an implicit rate, therefore the Chapter elected to use the practical expedient to use the risk-free rate of return at the commencement date in determining the present value of lease payments. The Chapter has elected to treat leases with a lease term of 12 months or less as short term leases and are not recorded on the Statement of Financial Position. Lease expense is recognized on a straight-line basis over the lease term for short term leases, and variable lease expenses are recognized in the period in which they are incurred.

The lease agreement includes charges for common area maintenance, and are billed to the Chapter monthly based on the expected charges for the year by the lessor. The Chapter has elected to treat these charges as variable lease payments and these variable lease payments are included in lease expense in the period the obligation is incurred. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2023
(With Summarized Comparative Information for 2022)

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, 2023 and 2022.

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.

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, 2023 and 2022 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, 2023 and 2022 were not materially impacted by any other factors. Deferred revenue at May 31, 2023, 2022, and 2021 totaled \$37,400, \$33,555, and \$68,140, respectively.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2023
(With Summarized Comparative Information for 2022)

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.

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.

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 2019 and later remain subject to examination by taxing authorities.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2023
(With Summarized Comparative Information for 2022)

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.

Subsequent Events

The Chapter has evaluated subsequent events through September 8, 2023, the date the financial statements were available to be issued.

2. Change in Accounting Principle

Effective June 1, 2022, the Chapter adopted FASB ASC 842, *Leases*. The new standard establishes a ROU model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The Chapter elected to adopt FASB ASC 842, *Leases*, using the transition method that allows the Chapter to initially apply the new lease standard at the adoption date and, if applicable, recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. As a result, the Chapter reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840, *Leases*.

The Chapter elected to adopt the package of practical expedients available under the transition guidance. 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 the ROU asset. The adoption of FASB ASC 842, *Leases*, resulted in the recognition of an operating ROU asset and a corresponding lease liability of \$207,115 as of June 1, 2022.

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3. Cash and Cash Equivalents

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

	<u>2023</u>	<u>2022</u>
Checking accounts:		
US Bank	\$ 164,664	\$ 237,866
Total checking accounts	<u>164,664</u>	<u>237,866</u>
Savings accounts:		
Edward Jones - money market funds	<u>59,686</u>	<u>-</u>
Total savings accounts	<u>59,686</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 224,350</u>	<u>\$ 237,866</u>

4. Inventory

Inventory at May 31, consists of the following:

	<u>2023</u>	<u>2022</u>
New clothing for use in Operation School Bell® program	\$ 276,605	\$ 175,345
Books for use in Books From Friends program	16,582	13,341
Used clothing and household items held for sale at thrift shop	87,063	79,647
Donated items for Assistance League Outreach	24,334	16,871
Clothing and personal items for use in Project ROSE program	<u>28,472</u>	<u>22,421</u>
	<u>\$ 433,056</u>	<u>\$ 307,625</u>

5. Investments

Investments are stated at fair value and consist of the following at May 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Certificates of Deposit	\$ 299,456	\$ -	\$ 299,456
Mutual funds:			
Large U.S. Equity	1,200,817	155,326	1,356,143
Large Blend	69,666	-	69,666
Large International Equity	<u>215,126</u>	<u>98,295</u>	<u>313,421</u>
Total Mutual Funds	<u>1,485,609</u>	<u>253,621</u>	<u>1,739,230</u>
Total Investments	<u>\$ 1,785,065</u>	<u>\$ 253,621</u>	<u>\$ 2,038,686</u>

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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	\$ 1,227,200	\$ 172,373	\$ 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>\$ 1,521,217</u>	<u>\$ 302,093</u>	<u>\$ 1,823,310</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.

Level 2 investments consist of certificates of deposit. Certificates of deposit are valued by the Chapter's independent investment custodian based on yields currently available on comparable securities of issuers with similar credit ratings as of the last business day of the year.

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

	<u>2023</u>			
	<u>Total</u>	<u>Fair Value Measurements</u>		<u>Level 3</u>
		<u>Level 1</u>	<u>Level 2</u>	
Certificates of Deposit	\$ 299,456	\$ -	\$ 299,456	\$ -
Mutual funds:				
Large U.S. Equity	1,356,143	1,356,143	-	-
Large Blend	69,666	69,666	-	-
Large International Equity	<u>313,421</u>	<u>313,421</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 2,038,686</u>	<u>\$ 1,739,230</u>	<u>\$ 299,456</u>	<u>\$ -</u>

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	2022			
	Total	Fair Value Measurements		Level 3
		Level 1	Level 2	
Mutual funds:				
Large U.S. Equity	\$ 1,399,573	\$ 1,399,573	\$ -	\$ -
Large Blend	69,914	69,914	-	-
Large International Equity	353,823	353,823	-	-
Total Investments	\$ 1,823,310	\$ 1,823,310	\$ -	\$ -

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, 2023 is summarized as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Dividends	\$ 85,217	\$ -	\$ 85,217
Net unrealized loss	(120,621)	(22,343)	(142,964)
Total Investment Return, net	\$ (35,404)	\$ (22,343)	\$ (57,747)

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

	Without Donor Restriction	With Donor Restrictions	Total
Dividends	\$ 87,081	\$ -	\$ 87,081
Net unrealized loss	(39,745)	(8,555)	(48,300)
Total Investment Return, net	\$ 47,336	\$ (8,555)	\$ 38,781

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6. Property and Equipment

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

	<u>2023</u>	<u>2022</u>
Building and building improvements	\$ 1,047,454	\$ 999,142
Land and land improvements	623,820	623,820
Computer equipment	40,198	45,902
Office equipment	7,516	7,516
Office furniture	16,333	16,333
Website	10,761	10,761
Leasehold improvements	<u>57,455</u>	<u>47,735</u>
	1,803,537	1,751,209
Less: Accumulated depreciation and amortization	<u>491,143</u>	<u>443,347</u>
Net Property and Equipment	<u>\$ 1,312,394</u>	<u>\$ 1,307,862</u>

Depreciation and amortization expense was \$54,212 and \$40,996 for the years ended May 31, 2023 and 2022, respectively.

7. Leases

The Chapter leases retail space for its resale shop under a lease agreement that expires in February 2025. Lease expense was \$109,111 for the year ended May 31, 2022. The following summarizes the weighted average remaining lease term and discount rate as of May 31, 2023:

Weighted Average Remaining Lease Term	
Operating leases	1.75 years
Weighted Average Discount Rate	
Operating leases	2.84 %

The maturities of lease liabilities as of May 31, are as follows:

<u>Years Ending May 31,</u>	<u>Operating</u>
2024	\$ 78,581
2025	<u>57,977</u>
Total Lease Payments	136,558
Less: Interest	<u>3,158</u>
Present Value of Lease Liabilities	<u>\$ 133,400</u>

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The components of lease expense for the year ended May 31, 2023 is as follows,

Operating lease expense	\$ 78,188
Variable lease expense	<u>34,931</u>
Total net lease expense	<u><u>\$ 113,119</u></u>

The following summarizes cash flow information related to leases for the years ended May 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 77,918

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.

	2023	2022
Cash and cash equivalents	\$ 224,350	\$ 237,866
Operating investments	2,038,686	1,823,310
Contractual or donor-imposed restrictions:		
Restricted investments	(253,621)	(302,093)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,009,415</u>	<u>\$ 1,759,083</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, certificates of deposits, 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:

	2023	2022
Net Assets Without Donor Restrictions:		
Undesignated	<u>\$ 3,755,247</u>	<u>\$ 3,355,090</u>
Net Assets With Donor Restrictions:		
Headquarters building and improvements	15,753	46,820
Endowment	<u>237,868</u>	<u>255,273</u>
Total Net Assets With Donor Restrictions	<u>253,621</u>	<u>302,093</u>
Total Net Assets	<u><u>\$ 4,008,868</u></u>	<u><u>\$ 3,657,183</u></u>

For the years ended May 31, 2023 and 2022 net assets released from restrictions totaling \$31,097 and \$168,591 were for headquarters building and improvements.

10. Contributed Nonfinancial Assets

The Chapter received the following contributions of nonfinancial assets for the year ended May 31,:

	2023	2022
Supplies and inventory:	<u>\$ 407,635</u>	<u>\$ 267,477</u>

Contributed supplies and inventory received by the Chapter are recorded as in-kind revenue with a corresponding increase to inventory. Contributed supplies were utilized in the Chapter's May 31, 2023 program, or are included in inventory and will be utilized in future years. Contributed supplies and inventory are valued by the donor and approximate the fair value of the items contributed.

The Chapter receives items to be sold at various fundraising events, including the Gala. Contributed auction items are valued at the gross selling price received.

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, 2023 and 2022, these volunteers donated approximately 63,250 and 61,200 hours, respectively, with an estimated value of \$2,011,350 and \$1,818,864, respectively. This value was computed using an estimated hourly rate of \$31.80 in 2023 and \$29.72 in 2022, 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.

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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:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 255,273	\$ 255,273
Contributions	-	4,968	4,968
Investment income	14,437	-	14,437
Unrealized gain (loss)	2,238	(22,343)	(20,105)
Amounts appropriated for expenditure	(16,675)	-	(16,675)
Endowment net assets, end of year	\$ -	\$ 237,898	\$ 237,898
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 258,500	\$ 258,500
Contributions	-	5,328	5,328
Investment income	15,073	-	15,073
Unrealized gain (loss)	4,299	(8,555)	(4,256)
Amounts appropriated for expenditure	(19,372)	-	(19,372)
Endowment net assets, end of year	\$ -	\$ 255,273	\$ 255,273

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12. Membership Activities

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

	2023	2022
Revenues:		
Members' dues	\$ 36,413	\$ 36,750
Other	6,694	5,044
Total Revenues	43,107	41,794
Expenses:		
NAL dues	19,620	18,160
Membership committee	7,545	802
Other	36,041	12,499
Total Expenses	63,206	31,461
	\$ (20,099)	\$ 10,333

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, 2023:

		Direct Costs			
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Event	Revenue				Net Revenue
Dinner Auction	\$ 308,396	\$ -	\$ 39,141	\$ 14,822	\$ 254,433
Author's Brunch	134,430	1,556	20,213	6,010	106,651
Total Special Events	\$ 442,826	\$ 1,556	\$ 59,354	\$ 20,832	\$ 361,084

For the year ended May 31, 2022:

		Direct Costs			
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Event	Revenue				Net Revenue
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	\$ 386,173	\$ 2,737	\$ 58,086	\$ 16,285	\$ 309,065