



ASSISTANCE LEAGUE® OF ST. LOUIS

Financial Statements
and Independent Auditors' Report

**YEAR ENDED MAY 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2020**



Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5 - 6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 22

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Anders Minkler Huber & Helms LLP

August 25, 2021

Assistance League of St. Louis
Statement of Financial Position
May 31, 2021
(With Comparative Totals for 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 214,471	\$ 180,236
Prepaid expenses	40,706	29,530
Inventory (Note 3)	385,414	218,995
Investments (Note 4)	1,623,035	1,207,040
Property and equipment, net (Note 5)	<u>1,150,483</u>	<u>1,165,003</u>
 Total Assets	 <u>\$ 3,414,109</u>	 <u>\$ 2,800,804</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 22,209	\$ 14,153
Deferred revenue	68,140	33,975
Mortgage payable (Note 7)	<u>-</u>	<u>44,425</u>
Total Liabilities	<u>90,349</u>	<u>92,553</u>
 NET ASSETS (Note 9)		
Without donor restrictions	2,849,848	2,271,575
With donor restrictions	<u>473,912</u>	<u>436,676</u>
Total Net Assets	<u>3,323,760</u>	<u>2,708,251</u>
 Total Liabilities and Net Assets	 <u>\$ 3,414,109</u>	 <u>\$ 2,800,804</u>

Assistance League of St. Louis
Statement of Activities
Year Ended May 31, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Support and Revenues				
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	\$ 318,501	\$ -	\$ 318,501	\$ 281,039
Sales of donated merchandise	319,901	-	319,901	294,077
Less: Value of merchandise sold	(318,501)	-	(318,501)	(294,077)
Net revenue - thrift shop	<u>319,901</u>	<u>-</u>	<u>319,901</u>	<u>281,039</u>
Special events and other fundraising activities revenue (Note 12)	281,601	-	281,601	337,510
Less cost of direct benefits to donors	<u>(16,246)</u>	<u>-</u>	<u>(16,246)</u>	<u>(50,114)</u>
Net revenue from special events and other fundraising activities	<u>265,355</u>	<u>-</u>	<u>265,355</u>	<u>287,396</u>
Contributions	292,628	5,269	297,897	347,149
In-kind donations (Note 13)	229,438	-	229,438	295,692
Membership (Note 11)	45,500	-	45,500	42,785
Investment return (Note 4)	<u>280,021</u>	<u>46,311</u>	<u>326,332</u>	<u>24,818</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>1,447,187</u>	<u>37,236</u>	<u>1,484,423</u>	<u>1,278,879</u>
Expenses				
Program Services				
Operation School Bell®	273,149	-	273,149	476,345
Operation Hug	-	-	-	8,329
Steps to Success	79,943	-	79,943	217,177
Project ROSE	91,309	-	91,309	98,166
My Own Fun Stuff	17,927	-	17,927	30,632
Assistance League Outreach	90,793	-	90,793	29,847
Books From Friends	82,980	-	82,980	-
Waste Not	-	-	-	28,529
Scholarships	-	-	-	1,008
Beyond the Bell	-	-	-	51,785
Total Program Services	<u>636,101</u>	<u>-</u>	<u>636,101</u>	<u>941,818</u>
Supporting Activities				
Fundraising:				
Thrift shop	146,544	-	146,544	161,942
Special events and other fundraising activities indirect costs (Note 12)	24,243	-	24,243	23,351
Other fundraising	8,104	-	8,104	16,364
Management and general	24,235	-	24,235	44,583
Membership (Note 11)	<u>29,687</u>	<u>-</u>	<u>29,687</u>	<u>29,240</u>
Total Supporting Activities	<u>232,813</u>	<u>-</u>	<u>232,813</u>	<u>275,480</u>
Total Expenses	<u>868,914</u>	<u>-</u>	<u>868,914</u>	<u>1,217,298</u>
Change in Net Assets	578,273	37,236	615,509	61,581
Net Assets, Beginning of Year	<u>2,271,575</u>	<u>436,676</u>	<u>2,708,251</u>	<u>2,646,670</u>
Net Assets, End of Year	<u>\$ 2,849,848</u>	<u>\$ 473,912</u>	<u>\$ 3,323,760</u>	<u>\$ 2,708,251</u>

Assistance League of St. Louis
Statement of Functional Expenses
Year Ended May 31, 2021
(With Comparative Totals for 2020)

	Year Ended May 31, 2021						
	PROGRAM SERVICES						
	Operation School Bell®	Steps to Success	Project ROSE	My Own Fun Stuff	Assistance League Outreach	Books From Friends	Total
Supplies	\$ 149,606	\$ 57,834	\$ 34,031	\$ 15,343	\$ 23,348	\$ 9,325	\$ 289,487
Rent and CAM charges	-	-	-	-	-	-	-
Utilities	8,677	1,578	2,366	158	789	315	13,883
Repairs and maintenance	9,325	1,695	2,543	170	848	339	14,920
Insurance	4,207	765	1,147	77	382	153	6,731
Credit card expenses	2,022	368	551	37	184	73	3,235
Moving and storage	-	-	-	-	-	-	-
Value of merchandise	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-
Interest expense	883	160	241	16	80	32	1,412
Office supplies	2,542	669	669	132	335	200	4,547
Other	-	-	-	-	-	-	-
Printing and postage	-	-	-	-	-	-	-
Professional services	10,508	2,335	1,459	876	1,460	876	17,514
Information technology	5,805	726	907	363	907	726	9,434
Promotion	5,774	1,519	1,520	304	760	456	10,333
National Conference and meetings	495	11	54	21	64	65	710
Education	47	12	12	3	6	4	84
National dues	-	-	-	-	-	-	-
In-kind	49,769	8,000	39,403	-	59,495	69,562	226,229
Depreciation and amortization	23,489	4,271	6,406	427	2,135	854	37,582
Total Expenses	273,149	79,943	91,309	17,927	90,793	82,980	636,101
Less: Expenses included with revenue on statement of activities	-	-	-	-	-	-	-
Total Expenses Per Statement of Activities	<u>\$ 273,149</u>	<u>\$ 79,943</u>	<u>\$ 91,309</u>	<u>\$ 17,927</u>	<u>\$ 90,793</u>	<u>\$ 82,980</u>	<u>\$ 636,101</u>

Assistance League of St. Louis
Statement of Functional Expenses
Year Ended May 31, 2021
(With Comparative Totals for 2020)

	Year Ended May 31, 2021							
	SUPPORTING ACTIVITIES						Year Ended	Year Ended
	Thrift Shop	Special Events	Other Fundraising	Management and General	Membership	Total	May 31, 2021 Total	May 31, 2020 Total
Supplies	\$ 2,513	\$ -	\$ -	\$ -	\$ 7,894	\$ 10,407	\$ 299,894	\$ 590,416
Rent and CAM charges	107,022	-	-	-	-	107,022	107,022	113,521
Utilities	12,521	315	316	1,262	-	14,414	28,297	25,986
Repairs and maintenance	5,488	339	339	1,356	-	7,522	22,442	22,204
Insurance	3,797	153	153	612	-	4,715	11,446	12,625
Credit card expenses	6,527	3,181	74	368	-	10,150	13,385	18,193
Moving and storage	1,581	-	-	-	-	1,581	1,581	2,750
Value of merchandise	318,501	-	-	-	-	318,501	318,501	294,077
Food	-	-	-	-	-	-	-	41,536
Entertainment	-	23,343	-	-	-	23,343	23,343	11,466
Interest expense	-	32	32	128	-	192	1,604	2,876
Office supplies	335	535	535	669	67	2,141	6,688	4,560
Other	-	-	-	5,285	-	5,285	5,285	10,754
Printing and postage	368	2,062	2,487	-	-	4,917	4,917	8,705
Professional services	2,919	1,168	1,460	5,838	292	11,677	29,191	28,000
Information technology	544	1,814	1,451	3,628	1,270	8,707	18,141	15,941
Promotion	760	2,495	1,215	1,520	152	6,142	16,475	14,916
National Conference and meetings	161	22	32	140	11	366	1,076	8,477
Education	6	10	10	12	1	39	123	703
National dues	-	-	-	-	20,000	20,000	20,000	20,080
In-kind	1,841	3,312	-	-	-	5,153	231,382	274,932
Depreciation and amortization	161	1,708	-	3,417	-	5,286	42,868	38,771
Total Expenses	465,045	40,489	8,104	24,235	29,687	567,560	1,203,661	1,561,489
Less: Expenses included with revenue on statement of activities	(318,501)	(16,246)	-	-	-	(334,747)	(334,747)	(344,191)
Total Expenses Per Statement of Activities	\$ 146,544	\$ 24,243	\$ 8,104	\$ 24,235	\$ 29,687	\$ 232,813	\$ 868,914	\$ 1,217,298

Assistance League of St. Louis
Statement of Cash Flows
Year Ended May 31, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 615,509	\$ 61,581
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	42,868	38,771
Unrealized (gain) loss on investments	(285,570)	9,220
Loss on disposal of property and equipment	2,734	8,490
(Increase) decrease in assets:		
Other receivable	-	3,352
Prepaid expenses	(11,176)	(208)
Inventory	(166,419)	(4,126)
Increase (decrease) in liabilities:		
Accounts payable	8,056	11,114
Deferred revenue	<u>34,165</u>	<u>1,425</u>
Net Cash Provided by Operating Activities	<u>240,167</u>	<u>129,619</u>
Cash Flows From Investing Activities		
Purchases of investments	(234,580)	(222,201)
Proceeds from sales of investments	104,156	117,000
Purchases of property and equipment	<u>(31,083)</u>	<u>(14,653)</u>
Net Cash Used in Investing Activities	<u>(161,507)</u>	<u>(119,854)</u>
Cash Flows From Financing Activities		
Payments on mortgage payable	<u>(44,425)</u>	<u>(15,401)</u>
Net Cash Used in Financing Activities	<u>(44,425)</u>	<u>(15,401)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,235	(5,636)
Cash and Cash Equivalents, Beginning of Year	<u>180,236</u>	<u>185,872</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 214,471</u></u>	<u><u>\$ 180,236</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest on the mortgage payable in 2021 and 2020 was \$1,604 and \$2,876, respectively.		

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

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, 2021
(With Comparative Totals for 2020)

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, 2020, 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, 2021
(With Comparative Totals for 2020)

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. 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.

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, 2021
(With Comparative Totals for 2020)

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	5-20 years
Computer equipment	3-5 years
Office equipment	5-7 years
Office furniture	5-7 years
Website	5 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. Management does not believe any impairment exists as of May 31, 2021 and 2020.

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, 2021
(With Comparative Totals for 2020)

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, 2021 and 2020 consists of payments received for membership dues for the 2022 and 2021 fiscal year, 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, 2021 and 2020 were not materially impacted by any other factors. Deferred revenue at May 31, 2021, 2020, and 2019 totaled \$68,140, \$33,975, and \$32,550, 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, 2021
(With Comparative Totals for 2020)

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, 2021 and 2020, these volunteers donated approximately 57,000 and 65,000 hours, respectively, with an estimated value of \$1,599,420 and \$1,745,900, respectively. This value was computed using an estimated hourly rate of \$28.06 in 2021 and \$26.86 in 2020, 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 2017 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, 2021
(With Comparative Totals for 2020)

Subsequent Events

The Chapter has evaluated subsequent events through August 25, 2021, 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>2021</u>	<u>2020</u>
Checking accounts:		
US Bank	\$ 204,166	\$ 162,726
Total checking accounts	<u>204,166</u>	<u>162,726</u>
Savings accounts:		
Edward Jones - money market funds	<u>10,305</u>	<u>17,510</u>
Total savings accounts	<u>10,305</u>	<u>17,510</u>
Total Cash and Cash Equivalents	<u>\$ 214,471</u>	<u>\$ 180,236</u>

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

3. Inventory

Inventory at May 31, consists of the following:

	<u>2021</u>	<u>2020</u>
New clothing for use in Operation School Bell® program	\$ 233,679	\$ 81,847
Books for use in Books From Friends program	39,199	27,091
Used clothing and household items held for sale at thrift shop	75,335	80,051
Activity items for use in My Own Fun Stuff program	13,356	15,613
Donated items for Assistance League Outreach	13,387	-
Clothing and personal items for use in Project ROSE program	10,458	11,421
Shoes for use in Steps to Success program	-	2,972
	<u>\$ 385,414</u>	<u>\$ 218,995</u>

4. Investments

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>

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>

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

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:

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>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,623,035</u>	<u>\$ 1,623,035</u>	<u>\$ -</u>	<u>\$ -</u>
2020				
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
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>

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, 2021 is summarized as follows:

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

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

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

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

5. Property and Equipment

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

	2021	2020
Building and building improvements	\$ 827,571	\$ 815,961
Land and land improvements	623,820	623,820
Computer equipment	41,484	41,229
Office equipment	7,516	15,423
Office furniture	16,333	16,333
Website	10,761	10,761
Leasehold improvements	<u>34,478</u>	<u>24,634</u>
	1,561,963	1,548,161
Less: Accumulated depreciation and amortization	<u>411,480</u>	<u>383,158</u>
Net Property and Equipment	<u>\$ 1,150,483</u>	<u>\$ 1,165,003</u>

Depreciation and amortization expense was \$42,868 and \$38,771 for the years ended May 31, 2021 and 2020, 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, 2021, are summarized as follows:

<u>Years Ending May 31,</u>	
2022	\$ 77,727
2023	78,459
2024	79,190
2025	<u>59,804</u>
	<u>\$ 295,180</u>

Lease expense, which includes common area maintenance charges, was \$107,022 and \$113,521 for the years ended May 31, 2021 and 2020, respectively.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

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 and \$2,876 for the years ended May 31, 2021 and 2020, respectively.

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 214,471	\$ 180,236
Operating investments	1,623,035	1,207,040
Contractual or donor-imposed restrictions:		
Restricted investments	<u>(473,912)</u>	<u>(436,676)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,363,594</u>	<u>\$ 950,600</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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

9. Net Assets

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

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions:		
Undesignated	\$ 2,849,848	\$ 2,271,575
Board designated:	<u>-</u>	<u>-</u>
Total Net Assets Without Donor Restrictions	<u>2,849,848</u>	<u>2,271,575</u>
Net Assets With Donor Restrictions:		
Headquarters building and improvements	215,412	229,756
Endowment	<u>258,500</u>	<u>206,920</u>
Total Net Assets With Donor Restrictions	<u>473,912</u>	<u>436,676</u>
Total Net Assets	<u><u>\$ 3,323,760</u></u>	<u><u>\$ 2,708,251</u></u>

For the year ended May 31, 2021 net assets released from restrictions totaling \$14,344 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, 2021 and 2020, 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

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

Endowment funds at May 31, are as follows:

	2021		
	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	\$ -	\$ 258,500	\$ 258,500

	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

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:

	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	8,920	46,311	55,231
Amounts appropriated for expenditure	(17,762)	-	(17,762)
Endowment net assets, end of year	\$ -	\$ 258,500	\$ 258,500

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

	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	<u>\$ -</u>	<u>\$ 206,920</u>	<u>\$ 206,920</u>

11. Membership Activities

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

	2021	2020
Revenues:		
Members' dues	\$ 37,200	\$ 37,120
Other	8,300	5,665
Total Revenues	<u>45,500</u>	<u>42,785</u>
Expenses:		
NAL dues	20,000	20,080
Membership committee	2,075	1,008
Other	7,612	8,152
Total Expenses	<u>29,687</u>	<u>29,240</u>
	<u>\$ 15,813</u>	<u>\$ 13,545</u>

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, 2021:

Event	Revenue	Direct Costs		Other Costs	Net Revenue
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees		
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>

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2021
(With Comparative Totals for 2020)

For the year ended May 31, 2020:

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

	<u>2021</u>	<u>2020</u>
Operating supplies	\$ 2,462	\$ 104
Program supplies	<u>226,976</u>	<u>295,588</u>
Total In-kind Donations	<u>\$ 229,438</u>	<u>\$ 295,692</u>