

ASSISTANCE LEAGUE® OF ST. LOUIS
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2018)

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Assistance League of St. Louis (a not-for-profit organization), which comprise the statement of financial position as of May 31, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Anders Minkler Huber & Helms LLP

August 22, 2019

**Assistance League of St. Louis
Statement of Financial Position
May 31, 2019
(With Comparative Totals for 2018)**

ASSETS

	2019	2018
ASSETS		
Cash and cash equivalents (Note 3)	\$ 185,872	\$ 227,940
Accounts receivable	3,352	2,759
Prepaid expenses	29,322	34,159
Inventory (Note 4)	214,869	97,323
Investments (Note 5)	1,111,059	1,105,824
Property and equipment, net (Note 6)	1,197,611	1,217,295
 Total Assets	 \$ 2,742,085	 \$ 2,685,300

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 3,039	\$ 5,666
Deferred revenue	32,550	32,651
Mortgage payable (Note 8)	59,826	74,387
Total Liabilities	95,415	112,704
 NET ASSETS (Note 10)		
Without donor restrictions	2,200,376	2,122,855
With donor restrictions	446,294	449,741
Total Net Assets	2,646,670	2,572,596
 Total Liabilities and Net Assets	 \$ 2,742,085	 \$ 2,685,300

**Assistance League of St. Louis
Statement of Activities
Year Ended May 31, 2019
(With Comparative Totals for 2018)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2019</u>	<u>2018</u>
Support and Revenues				
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	\$ 420,291	\$ -	\$ 420,291	\$ 368,609
Sales of donated merchandise	403,312	-	403,312	378,262
Less: Value of merchandise sold	<u>(403,312)</u>	<u>-</u>	<u>(403,312)</u>	<u>(378,262)</u>
Net revenue - thrift shop	<u>420,291</u>	<u>-</u>	<u>420,291</u>	<u>368,609</u>
Special events and other fundraising activities revenue (Note 13)	356,714	-	356,714	336,913
Less cost of direct benefits to donors	<u>(46,399)</u>	<u>-</u>	<u>(46,399)</u>	<u>(68,509)</u>
Net revenue from special events and other fundraising activities	<u>310,315</u>	<u>-</u>	<u>310,315</u>	<u>268,404</u>
Contributions	233,119	5,018	238,137	201,974
In-kind donations (Note 14)	268,455	-	268,455	262,666
Membership (Note 12)	45,381	-	45,381	52,188
Investment return (Note 5)	<u>38,457</u>	<u>(8,465)</u>	<u>29,992</u>	<u>67,401</u>
Total Revenues, Gains and Other Support	<u>1,316,018</u>	<u>(3,447)</u>	<u>1,312,571</u>	<u>1,221,242</u>
Expenses				
Program Services				
Operation School Bell®	439,582	-	439,582	488,132
Operation Hug	37,575	-	37,575	19,297
Steps to Success	211,012	-	211,012	207,782
Project ROSE	159,277	-	159,277	162,607
My Own Fun Stuff	36,886	-	36,886	37,635
Assistance League Outreach	19,760	-	19,760	50,244
Waste Not	27,354	-	27,354	12,716
Scholarships	1,701	-	1,701	22,106
Beyond the Bell	<u>44,035</u>	<u>-</u>	<u>44,035</u>	<u>54,747</u>
Total Program Services	<u>977,182</u>	<u>-</u>	<u>977,182</u>	<u>1,055,266</u>
Supporting Activities				
Fundraising:				
Thrift shop	157,959	-	157,959	150,805
Special events and other fundraising activities indirect costs (Note 13)	15,627	-	15,627	35,533
Other fundraising	28,599	-	28,599	24,862
Management and general	25,027	-	25,027	34,769
Membership (Note 12)	<u>34,103</u>	<u>-</u>	<u>34,103</u>	<u>40,893</u>
Total Supporting Activities	<u>261,315</u>	<u>-</u>	<u>261,315</u>	<u>286,862</u>
Total Expenses	<u>1,238,497</u>	<u>-</u>	<u>1,238,497</u>	<u>1,342,128</u>
Change in Net Assets	77,521	(3,447)	74,074	(120,886)
Net Assets, Beginning of Year	<u>2,122,855</u>	<u>449,741</u>	<u>2,572,596</u>	<u>2,693,482</u>
Net Assets, End of Year	<u>\$ 2,200,376</u>	<u>\$ 446,294</u>	<u>\$ 2,646,670</u>	<u>\$ 2,572,596</u>

**Assistance League of St. Louis
Statement of Functional Expenses
Year Ended May 31, 2019
(With Comparative Totals for 2018)**

	Year Ended May 31, 2019									
	PROGRAM SERVICES									
	Operation School Bell®	Operation Hug	Steps to Success	Project ROSE	My Own Fun Stuff	Assistance League Outreach	Waste Not	Scholarships	Beyond the Bell	Total
Supplies	\$ 352,704	\$ 32,482	\$ 96,542	\$ 51,488	\$ 25,862	\$ 14,016	\$ 95	\$ -	\$ 17,377	\$ 590,566
Rent and CAM charges	-	-	-	-	-	-	-	-	-	-
Utilities	5,501	629	786	3,458	1,572	472	314	157	786	13,675
Repairs and maintenance	5,445	622	778	3,422	1,556	467	311	156	778	13,535
Insurance	3,259	372	466	2,049	931	279	186	93	466	8,101
Credit card expenses	443	-	-	443	-	222	-	-	-	1,108
Moving and storage	-	-	-	-	-	-	-	-	-	-
Value of merchandise	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-	-
Interest expense	1,300	149	186	817	372	111	74	37	186	3,232
Office supplies	235	134	168	168	168	168	34	34	34	1,143
Other	-	-	-	-	-	-	-	-	-	-
Membership	-	-	-	-	-	-	-	-	-	-
Printing and postage	-	-	-	-	-	-	-	-	-	-
Professional services	4,883	610	1,526	4,578	1,526	610	305	-	1,221	15,259
Information technology	2,526	789	947	1,737	789	789	474	474	474	8,999
Promotion	12,563	1,256	2,199	6,281	3,141	942	628	314	1,570	28,894
National Conference and meetings	1,354	54	271	54	54	54	-	-	542	2,383
Education	340	85	170	85	85	85	43	43	85	1,021
National dues	-	-	-	-	-	-	-	-	-	-
In-kind	35,676	-	106,580	75,272	45	760	24,890	-	19,731	262,954
Depreciation and amortization	13,353	393	393	9,425	785	785	-	393	785	26,312
Total Expenses	439,582	37,575	211,012	159,277	36,886	19,760	27,354	1,701	44,035	977,182
Less: Expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	-	-
Total Expenses Per Statement of Activities	<u>\$ 439,582</u>	<u>\$ 37,575</u>	<u>\$ 211,012</u>	<u>\$ 159,277</u>	<u>\$ 36,886</u>	<u>\$ 19,760</u>	<u>\$ 27,354</u>	<u>\$ 1,701</u>	<u>\$ 44,035</u>	<u>\$ 977,182</u>

**Assistance League of St. Louis
Statement of Functional Expenses
Year Ended May 31, 2019
(With Comparative Totals for 2018)**

	Year Ended May 31, 2019						Year Ended May 31, 2019 Total	Year Ended May 31, 2018 Total
	SUPPORTING ACTIVITIES							
	Thrift Shop	Special Events	Other Fundraising	Management and General	Membership	Total		
Supplies	\$ 3,131	\$ -	\$ -	\$ -	\$ 6,562	\$ 9,693	\$ 600,259	\$ 714,086
Rent and CAM charges	107,107	-	-	-	-	107,107	107,107	105,637
Utilities	12,679	472	786	786	-	14,723	28,398	27,789
Repairs and maintenance	7,248	467	778	778	-	9,271	22,806	19,250
Insurance	4,476	279	466	466	-	5,687	13,788	13,318
Credit card expenses	7,013	3,761	443	2,217	665	14,099	15,207	16,330
Moving and storage	3,470	-	-	-	-	3,470	3,470	1,940
Value of merchandise	403,312	-	-	-	-	403,312	403,312	378,262
Food	-	29,821	-	-	-	29,821	29,821	50,243
Entertainment	-	17,826	-	-	-	17,826	17,826	32,372
Interest expense	-	111	186	186	-	483	3,715	5,579
Office supplies	168	335	1,039	670	-	2,212	3,355	9,709
Other	-	-	-	5,992	-	5,992	5,992	2,840
Printing and postage	823	3,985	3,155	450	-	8,413	8,413	14,213
Professional services	2,441	2,136	3,052	7,630	-	15,259	30,518	28,347
Information technology	789	1,579	2,053	1,579	789	6,789	15,788	16,977
Promotion	940	728	2,783	1,570	-	6,021	34,915	25,280
National Conference and meetings	1,084	325	813	271	4,906	7,399	9,782	10,000
Education	213	85	85	128	170	681	1,702	4,574
National dues	-	-	-	-	20,760	20,760	20,760	19,520
In-kind	2,830	116	-	2,304	251	5,501	268,455	249,641
Depreciation and amortization	3,547	-	12,960	-	-	16,507	42,819	42,992
Total Expenses	561,271	62,026	28,599	25,027	34,103	711,026	1,688,208	1,788,899
Less: Expenses included with revenue on statement of activities	<u>(403,312)</u>	<u>(46,399)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449,711)</u>	<u>(449,711)</u>	<u>(446,771)</u>
Total Expenses Per Statement of Activities	<u>\$ 157,959</u>	<u>\$ 15,627</u>	<u>\$ 28,599</u>	<u>\$ 25,027</u>	<u>\$ 34,103</u>	<u>\$ 261,315</u>	<u>\$ 1,238,497</u>	<u>\$ 1,342,128</u>

**Assistance League of St. Louis
Statement of Cash Flows
Year Ended May 31, 2019
(With Comparative Totals for 2018)**

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ 74,074	\$ (120,886)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	42,819	42,992
Unrealized (gain) loss on investments	1,119	(35,774)
Loss on disposal of property and equipment	194	358
(Increase) decrease in assets:		
Accounts receivable	(593)	1,572
Promises to give	-	30,000
Prepaid expenses	4,837	968
Inventory	(117,546)	8,827
Increase (decrease) in liabilities:		
Accounts payable	(2,627)	5,556
Deferred revenue	(101)	(724)
Net Cash Provided by (Used in) Operating Activities	2,176	(67,111)
Cash Flows From Investing Activities		
Purchases of investments	(178,901)	(32,165)
Proceeds from sales of investments	172,547	179,250
Purchases of property and equipment	(23,329)	(15,147)
Net Cash Provided by (Used in) Investing Activities	(29,683)	131,938
Cash Flows From Financing Activities		
Payments on mortgage payable	(14,561)	(42,697)
Net Cash Used in Financing Activities	(14,561)	(42,697)
Net Increase (Decrease) in Cash and Cash Equivalents	(42,068)	22,130
Cash and Cash Equivalents, Beginning of Year	227,940	205,810
Cash and Cash Equivalents, End of Year	\$ 185,872	\$ 227,940

Supplemental Disclosures of Cash Flow Information

Cash paid for interest on the mortgage payable in 2019 and 2018 was \$3,715 and \$5,579, respectively.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2019
(With Comparative Totals for 2018)

1. Summary of Accounting Policies

Nature of Activities

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

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

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

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

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2019
(With Comparative Totals for 2018)

Basis of Accounting

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

Basis of Presentation

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

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

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

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

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by class of net assets. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Chapter's financial statements for the year ended May 31, 2018, 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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2019
(With Comparative Totals for 2018)

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

For purposes of financial reporting, the Chapter has determined that the fair values of its financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, and mortgage payable approximate the carrying values at May 31, 2019 and 2018 based on their short maturities and/or the terms available to the Chapter in financial markets. There have been no changes in the methodologies used at May 31, 2019 and 2018.

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.

Accounts Receivable

The Chapter provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable. The estimate is based on historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible. There was no allowance as of May 31, 2019 and 2018.

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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2019
(With Comparative Totals for 2018)

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents are maintained at one financial institution and accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Chapter has not experienced any losses on its cash or cash equivalents. Investments are maintained by one investment institution, and are insured by the Securities Investor Protection Corporation (the "SIPC") up to \$500,000. Market risk is not covered. As of May 31, 2019, there were investment balances of \$612,061 in excess of SIPC limits at the brokerage firm.

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

Property and Equipment

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

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

Assistance League of St. Louis
Notes to Financial Statements
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Long-Lived Asset Impairment

The Chapter evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended May 31, 2019 and 2018.

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

Membership dues collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues relate.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2019
(With Comparative Totals for 2018)

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.

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, 2019 and 2018, these volunteers donated approximately 79,000 and 80,000 hours, respectively, with an estimated value of \$2,036,620 and \$1,996,000, respectively. This value was computed using an estimated hourly rate of \$25.78 in 2019 and \$24.95 in 2018, 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 2015 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.

Assistance League of St. Louis
Notes to Financial Statements
May 31, 2019
(With Comparative Totals for 2018)

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.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Chapter has evaluated subsequent events through August 22, 2019, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

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 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, 2019. Based on a preliminary analysis, the Chapter does expect the new guidance will have a significant impact on its financial statements.

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2. Change in Accounting Principle

On August 18, 2016 the FASB issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of its financial assets, and the lack of consistency in the type of information provided about expenses and investment return. The Chapter has implemented ASU 2016-14 and has adjusted the presentation in these financial statements. The ASU has been applied retrospectively to all periods presented, except for disclosures related to liquidity and availability of funds.

The following financial statement line items for the year ended May 31, 2018 were affected by the change in accounting principle:

	As Computed Under Previous Guidance	As Computed Under ASU 2016-14	Effect of Change
Unrestricted Net Assets	\$ 1,318,175	\$ -	\$ (1,318,175)
Temporarily Restricted Net Assets	\$ 1,048,780	\$ -	\$ (1,048,780)
Permanently Restricted Net Assets	\$ 205,641	\$ -	\$ (205,641)
Net Assets Without Donor Restrictions	\$ -	\$ 2,122,855	\$ 2,122,855
Net Assets With Donor Restrictions	\$ -	\$ 449,741	\$ 449,741

3. Cash and Cash Equivalents

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

	<u>2019</u>	<u>2018</u>
Checking accounts:		
US Bank	\$ 104,462	\$ 221,513
Total checking accounts	<u>104,462</u>	<u>221,513</u>
Savings accounts:		
Edward Jones - money market funds	81,410	6,427
Total savings accounts	<u>81,410</u>	<u>6,427</u>
Total Cash and Cash Equivalents	<u>\$ 185,872</u>	<u>\$ 227,940</u>

There is no restricted cash designated to the Capital Campaign at May 31, 2019. Restricted cash designated to the Capital Campaign is \$6,427 at May 31, 2018.

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4. Inventory

Inventory at May 31, consists of the following:

	2019	2018
New clothing for use in Operation School Bell® program	\$ 79,601	\$ 2,185
Books for use in Operation School Bell® program	8,928	-
Used clothing and household items held for sale at thrift shop	93,088	76,109
Activity items for use in My Own Fun Stuff program	10,234	3,290
Stuffed bears for use in Operation Hug program	7,315	-
Clothing and personal items for use in Project ROSE program	15,703	15,739
	\$ 214,869	\$ 97,323

5. Investments

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

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

Investments are stated at fair value and consist of the following at May 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Mutual funds:			
Large U.S. Equity	\$ 503,740	\$ 234,298	\$ 738,038
Large International Equity	152,343	215,443	367,786
Total Investments	\$ 656,083	\$ 449,741	\$ 1,105,824

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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:

	2019			
	Total	Fair Value Measurements		Level 3
		Level 1	Level 2	
Mutual funds:				
Large U.S. Equity	\$ 709,961	\$ 709,961	\$ -	\$ -
Large International Equity	<u>401,098</u>	<u>401,098</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,111,059</u>	<u>\$ 1,111,059</u>	<u>\$ -</u>	<u>\$ -</u>
	2018			
	Total	Fair Value Measurements		Level 3
		Level 1	Level 2	
Mutual funds:				
Large U.S. Equity	\$ 738,038	\$ 738,038	\$ -	\$ -
Large International Equity	<u>367,786</u>	<u>367,786</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,105,824</u>	<u>\$ 1,105,824</u>	<u>\$ -</u>	<u>\$ -</u>

With donor restricted investments and net assets (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, 2019 is summarized as follows:

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

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Investment return for the year ended May 31, 2018 is summarized as follows:

	Without Donor <u>Restriction</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Dividends	\$ 31,627	\$ -	\$ 31,627
Net unrealized gain (loss)	<u>36,268</u>	<u>(494)</u>	<u>35,774</u>
Total Investment Return, net	<u>\$ 67,895</u>	<u>\$ (494)</u>	<u>\$ 67,401</u>

6. Property and Equipment

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

	<u>2019</u>	<u>2018</u>
Building and building improvements	\$ 815,862	\$ 815,862
Land and land improvements	623,820	623,820
Computer equipment	39,727	36,154
Office equipment	19,726	18,730
Office furniture	16,333	16,333
Website	10,761	8,767
Leasehold improvements	<u>24,634</u>	<u>24,634</u>
	1,550,863	1,544,300
Less: Accumulated depreciation and amortization	<u>353,252</u>	<u>327,005</u>
Net Property and Equipment	<u>\$ 1,197,611</u>	<u>\$ 1,217,295</u>

Depreciation and amortization expense was \$42,819 and \$42,992 for the years ended May 31, 2019 and 2018, respectively.

7. Leases

The Chapter leases retail space for its resale shop under an operating lease that expires in September 2019. 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, 2019, are summarized as follows:

<u>Year Ending May 31,</u>	
2020	\$ 12,680

Lease expense, which includes common area maintenance charges, was \$107,107 and \$105,637 for the years ended May 31, 2019 and 2018, respectively.

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8. Mortgage Payable

The Chapter has a 5.5 percent fixed rate, fully amortizable mortgage loan. The interest rate is recalculated every five years based on United States Treasury obligations. The mortgage payable is secured by the building owned by the Chapter. The required monthly principal and interest is \$1,523, and the last payment and remaining principal are due May 1, 2025. The Chapter has prepaid principal over the term of the loan. Based on current scheduled principal payments, the loan will be paid in full during fiscal year 2023.

At May 31, 2019 the scheduled principal payments are as follows:

<u>Fiscal Years</u>	
2020	\$ 15,382
2021	16,249
2022	17,166
2023	<u>11,029</u>
	<u>\$ 59,826</u>

Interest expense was \$3,715 and \$5,579 for the years ended May 31, 2019 and 2018, respectively.

9. Liquidity and Availability of Financial Assets

The following reflects the Chapter's financial assets as of May 31, 2019, 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.

Cash and cash equivalents	\$ 185,872
Accounts receivable	3,352
Operating investments	1,111,059
Contractual or donor-imposed restrictions:	
Endowment fund investments	<u>(202,194)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,098,089</u>

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

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

10. Net Assets

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

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restrictions:		
Undesignated	\$ 1,093,376	\$ 921,655
Board designated:		
Fiscal year 2020 operating needs	<u>1,107,000</u>	<u>1,201,200</u>
Total Net Assets Without Donor Restrictions	<u>2,200,376</u>	<u>2,122,855</u>
Net Assets With Donor Restrictions:		
Headquarters building and improvements	244,100	244,100
Endowment	<u>202,194</u>	<u>205,641</u>
Total Net Assets With Donor Restrictions	<u>446,294</u>	<u>449,741</u>
Total Net Assets	<u>\$ 2,646,670</u>	<u>\$ 2,572,596</u>

For the year ended May 31, 2018 net assets released from restrictions totaling \$5,900 were for headquarters building and improvements. There were no net assets released from restrictions for the year ended May 31, 2019.

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11. Endowment Funds

Endowment funds consists of funds established by donors to provide annual funding for general operations. The Board of Directors has interpreted Missouri State Prudent Management of Institutional Funds Act ("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, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Chapter retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Chapter in a manner consistent with the standard of prudence prescribed by SPMIFA. The Chapter considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment funds at May 31, are as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 202,194	\$ 202,194
	2018		
	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	\$ -	\$ 205,641	\$ 205,641

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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:

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 205,641	\$ 205,641
Contributions	-	5,018	5,018
Investment income	7,760	-	7,760
Net appreciation (depreciation)	3,923	(8,465)	(4,542)
Amounts appropriated for expenditure	<u>(11,683)</u>	<u>-</u>	<u>(11,683)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 202,194</u>	<u>\$ 202,194</u>
	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 201,017	\$ 201,017
Contributions	-	5,118	5,118
Investment income	7,347	-	7,347
Net depreciation	-	(494)	(494)
Amounts appropriated for expenditure	<u>(7,347)</u>	<u>-</u>	<u>(7,347)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 205,641</u>	<u>\$ 205,641</u>

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12. Membership Activities

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

	2019	2018
Revenues:		
Members' dues	\$ 38,700	\$ 37,190
Annual meeting	-	2,890
Other	6,681	12,108
Total Revenues	45,381	52,188
Expenses:		
NAL dues	20,760	19,520
Annual meeting	4,364	3,001
Membership committee	1,389	337
Other	7,590	18,035
Total Expenses	34,103	40,893
	\$ 11,278	\$ 11,295

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, 2019:

Event	Revenue	Direct Costs			Net Revenue
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Dinner Auction	\$ 267,077	\$ -	\$ 26,857	\$ 10,517	\$ 229,703
Author's Brunch	88,076	2,753	16,789	5,707	62,827
Other	1,561	-	-	-	1,561
Total Special Events	\$ 356,714	\$ 2,753	\$ 43,646	\$ 16,224	\$ 294,091

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For the year ended May 31, 2018:

Event	Revenue	Direct Costs			Net Revenue
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	
Dinner Auction	\$ 252,037	\$ -	\$ 42,334	\$ 20,537	\$ 189,166
Author's Brunch	83,818	1,899	24,276	14,996	42,647
Other	1,058	-	-	-	1,058
Total Special Events	\$ 336,913	\$ 1,899	\$ 66,610	\$ 35,533	\$ 232,871

14. In-kind Donations

For the years ended May 31, 2019 and 2018, 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:

	2019	2018
Operating supplies	\$ 1,993	\$ 1,735
Program supplies	266,462	260,931
Total In-kind Donations	\$ 268,455	\$ 262,666