

**ASSISTANCE LEAGUE OF
SAN LUIS OBISPO COUNTY**

REVIEWED FINANCIAL STATEMENTS

For the Years Ended
May 31, 2017 and 2016

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND FINANCIAL STATEMENTS
For the Years Ended May 31, 2017 and 2016

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Independent Accountant's Review Report

Board of Directors
Assistance League of San Luis Obispo County
San Luis Obispo, California

We have reviewed the accompanying comparative financial statements of Assistance League of San Luis Obispo County (a nonprofit organization) which comprise the statement of financial position as of May 31, 2017 and 2016, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Assistance League of San Luis Obispo County
Independent Accountant's Review Report (continued)

Report on 2016 Financial Statements

The financial statements of Assistance League of San Luis Obispo County as of May 31, 2016, were reviewed by other accountants whose report dated September 30, 2016, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.


BURKART & STEVENS,
an Accountancy Corporation

San Luis Obispo, CA
July 3, 2017

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
COMPARATIVE STATEMENT OF FINANCIAL POSITION
 May 31, 2017 and 2016

ASSETS

Current Assets

Cash and cash equivalents (Note 2)
 Accounts receivable (Note 1)
 Prepaid expenses
 Inventories (Note 3)

Total Current Assets

Property and Equipment, net of accumulated depreciation of \$21,174 at May 31, 2017 and and \$ 13,860 at May 31, 2016 (Notes 1 and 4)

Other Assets

Deposits

Total Assets

	2017	2016
	\$ 366,853	\$ 352,469
	1,500	836
	19,668	21,439
	56,502	62,677
	444,523	437,421
	21,036	27,807
	5,127	-
	\$ 470,686	\$ 465,228

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable
 Deferred revenue

Total Current Liabilities

Net Assets

Unrestricted (Note 6)
 Temporarily restricted (Note 6)

Total Net Assets

Total Liabilities and Net Assets

	\$ 3,909	\$ 3,138
	9,550	13,221
	13,459	16,359
	437,913	428,640
	19,314	20,229
	457,227	448,869
	\$ 470,686	\$ 465,228

See accompanying notes and independent accountant's review report.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

COMPARATIVE STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2017 and 2016

	2017			2016 Totals
	Unrestricted	Temporarily Restricted	Total	
Public Support and Revenue				
Public Support:				
Contributions and grants	\$ 112,180	\$ 12,500	\$ 124,680	\$ 107,338
Total Public Support	112,180	12,500	124,680	107,338
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	253,255	-	253,255	228,511
Sales of donated merchandise	248,333	-	248,333	236,428
Less: Value of merchandise sold	(248,333)	-	(248,333)	(236,428)
Net revenue from thrift shop	253,255	-	253,255	228,511
Fundraising and special events, net of direct fundraising expenses of \$8,073 for May 31, 2017 and \$8,743 for May 31, 2016 (Note 7)	71,068	-	71,068	90,686
Revenue:				
Membership, net of direct expenses of \$ 3,067 for May 31, 2017 and \$2,661 for May 31, 2016	11,986	-	11,986	9,051
Investment income	760	7	767	793
Total Revenue	12,746	7	12,753	9,844
Public Support and Revenue	449,249	12,507	461,756	436,379
Net assets released from restriction	13,422	(13,422)	-	-
Total Public Support and Revenue	462,671	(915)	461,756	436,379
Expenses				
Program services:				
Operation School Bell	278,362	-	278,362	211,822
Operation Bookshelf	20,607	-	20,607	7,604
Total program services expenses	298,969	-	298,969	219,426
Supporting services:				
Fundraising				
Thrift Shop	98,775	-	98,775	86,763
Other special events costs	14,170	-	14,170	16,691
Management and general	22,894	-	22,894	22,884
Membership development	18,590	-	18,590	10,777
Total supporting services	154,429	-	154,429	137,115
Total Expenses	453,398	-	453,398	356,541
Change in net assets	9,273	(915)	8,358	79,838
Net assets as of beginning of year	428,640	20,229	448,869	369,031
Net assets as of end of year	\$ 437,913	\$ 19,314	457,227	\$ 448,869

See accompanying notes and independent accountant's review report.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
COMPARATIVE STATEMENT OF CASH FLOWS
For the Year Ended May 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 8,358	\$ 79,838
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,314	7,031
(Increase) decrease in accounts receivables	(664)	(336)
(Increase) decrease in prepaid expenses	(3,356)	(4,287)
(Increase) decrease in inventories	6,175	7,916
Increase (decrease) in accounts payable	771	(584)
Increase (decrease) in deferred revenue	(3,671)	846
Net cash provided by operating activities	14,927	90,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(543)	(3,977)
Net cash flows provided (used) by investing activities	(543)	(3,977)
NET INCREASE (DECREASE) IN CASH	14,384	86,447
CASH AS OF BEGINNING OF YEAR	352,469	266,022
CASH AS OF END OF YEAR	\$ 366,853	\$ 352,469

SUPPLEMENTAL DISCLOSURES:

There was no cash paid for interest or income taxes for the years ended May 31, 2017 and May 31, 2016.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
COMPARATIVE STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2017 and 2016

	Program Services			Fundraising	Support Services				Total	2016
	Operation School Bell	Operation Bookshelf	Total Program Services	Fundraising Activities	Thrift Shop	Management & General	Membership Development	Total Support Services		
Program expenses	\$ 265,242	\$ 20,607	\$ 285,849	\$ 22,243	\$ -	\$ -	\$ -	\$ -	\$ 308,092	\$ 252,472
Occupancy:										
Utilities	697	-	697	-	6,232	333	167	6,732	7,429	7,736
Repairs and maintenance	-	-	-	-	3,879	-	-	3,879	3,879	2,351
Rent	2,480	-	2,480	-	69,110	4,960	2,480	76,550	79,030	60,418
Insurance	1,386	-	1,386	-	450	1,391	163	2,004	3,390	1,457
Storage	5,388	-	5,388	-	-	-	-	-	5,388	-
Depreciation	1,097	-	1,097	-	5,851	366	-	6,217	7,314	7,031
Professional services	-	-	-	-	-	6,980	-	6,980	6,980	10,932
Public relations & advertising	-	-	-	-	3,261	806	-	4,067	4,067	4,786
Office supplies	-	-	-	-	1,177	3,822	-	8,640	8,640	7,911
National dues	-	-	-	-	-	-	3,641	5,800	5,800	5,300
National conference and meetings	2,072	-	2,072	-	-	2,073	4,144	6,217	8,289	4,890
Credit card fees	-	-	-	-	4,151	-	-	4,151	4,151	-
Licenses	-	-	-	-	602	-	-	602	602	-
Other	-	-	-	-	-	-	2,195	2,195	2,195	-
Supplies	-	-	-	-	4,062	2,163	-	6,225	6,225	-
Total expenses	278,362	20,607	298,969	22,243	98,775	22,894	18,590	140,259	461,471	365,284
Less expenses included with revenue on statement of activities	-	-	-	(8,073)	-	-	-	-	(8,073)	(8,743)
Total expenses per statement of activities	\$ 278,362	\$ 20,607	\$ 298,969	\$ 14,170	\$ 98,775	\$ 22,894	\$ 18,590	\$ 140,259	\$ 453,398	\$ 356,541

See accompanying notes and independent accountant's review report.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Assistance League of San Luis Obispo County (chapter) is a nonprofit corporation and is a chartered chapter of National Assistance League. The chapter provides the following programs:

- Operation School Bell provides new clothing, shoes, and dental hygiene kits to grades kindergarten through 12th in the San Luis Obispo County.
- Operation Bookshelf provides a new grade appropriate book for grades kindergarten through 12th in the San Luis Obispo County.

The chapter's support and revenues come primarily from contributions and other fundraising efforts including special events and the operating of a thrift store.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification 958, *Not-for-Profit Entities (ACS 958)*. Under ACS 958, the chapter is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations which are not limited otherwise by donor restrictions and net assets released from temporary restrictions due to the terms of the restrictions or contingencies being met.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions or restrictions voluntarily approved and imposed by the Board of Directors. Temporary restrictions are contingent upon specific performance of a future event or a specific passage of time.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations. The chapter has no permanently restricted funds at this time.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 chapters' financial statements for the year ended May 31, 2016, from which the summarized information was derived.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 wherever fair value is the applicable measurement. This guidance establishes fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2 and 3.

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

For purpose of financial reporting, the chapter has determined that that fair values of its financial instruments, which include cash equivalents, accounts receivable and accounts payable, approximate the carrying values at May 31, 2017, based on their short maturities and/or the terms available to the chapter in financial markets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the chapter considers all highly liquid investments including money market accounts to be cash and equivalents that are available for current use with a maturity of three months or less.

Accounts Receivable

Accounts receivable for miscellaneous contributions are shown net of an allowance for doubtful accounts estimated based upon amounts that are deemed uncollectible. Management has determined that there are no uncollectible accounts as of May 31, 2017.

Inventories

The chapter maintains inventory of retail gift cards, books and dental kits for use in its Operation School Bell and Operation Bookshelf programs which is stated at the lower of cost or market determined by the first-in, first-out 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.

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. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$ 250,000. The chapter has not experienced any losses on its cash or cash equivalents.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Property and Equipment

Property and equipment are recorded at cost. In-kind donations of fixed assets used directly by the chapter are valued at their appraised values at the time of the gift. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset. (Note 3)

	<u>Estimated Useful Lives in Years</u>
Machinery and Equipment	5-10
Furniture and Fixtures	5-10
Leasehold Improvements	10-45

Contributions of long-lived assets, or of cash or other assets that must be used to acquire long-lived assets, are reported as increases in temporarily restricted net assets. Restrictions are considered met, and an appropriate amount reclassified to unrestricted net assets, over the useful life of the long-lived assets as determined by the chapter's depreciation policy.

Deferred Revenue

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

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily or permanently restricted. The restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction when the donor stipulated time restriction ends or the purpose restriction is accomplished by the chapter.

Donated Materials, Services and Free Use of Facilities

Significant materials, services and free use of facilities are donated to the chapter by various individuals, corporations and other organizations, and are reflected in the accompanying financial statements at their fair values at the date of donation.

In addition, a significant portion 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 year ended May 31, 2017, these volunteers donated approximately 26,882 hours with an estimated value of \$ 656,458. The value was computed using an estimated hourly rate of \$ 24.42, based upon the average hourly earnings of nonagricultural workers for the fiscal year ending May 31, 2017, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

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 Section 23701d of the Revenue and Taxation Code of the State of California.

The chapter has applied the provisions of the FASB's ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of May 31, 2017, the chapter had no substantial uncertain income tax provisions.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2017 consist of the following:

Cash on hand	\$ 200
Checking accounts:	
Founders Community - Operating	50,426
Founders Community - Donor Restricted	19,313
Wells Fargo – Thrift Shop	143,107
Total checking accounts	<u>212,846</u>
Savings accounts:	
Founders Community - Money Market	153,807
Total savings accounts	<u>153,807</u>
Total cash and cash equivalents	<u>\$ 366,853</u>

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2017

NOTE 3: INVENTORIES

Inventories at May 31, 2017 consist of the following:

Retail gift cards, books and dental for use in the Operation School Bell and the Operation Bookshelf Programs	\$ 17,960
Used clothing and household items held for sale at the Thrift Shop	<u>38,542</u>
Total inventories	<u>\$ 56,502</u>

NOTE 4: PROPERTY AND EQUIPMENT

At May 31, 2017 property and equipment consist of the following:

Property and equipment	\$ 12,877
Leasehold improvements	29,333
Total property and equipment	<u>42,210</u>
Less: accumulated depreciation	<u>(21,174)</u>
Net property and equipment	<u>\$ 21,036</u>

Depreciation expense for the year ended May 31, 2017 was \$7,314.

NOTE 5: LEASE COMMITMENTS

On March 1, 2015 the chapter entered into a three year lease agreement with Ursine Partner, LLC for the lease of thrift shop space in San Luis Obispo. The lease expires on February 28, 2018, with an option to extend the lease for two years. In October 2016, additional, adjacent space was leased. The monthly rental payments for the current term is \$ 8,890. The rent expense for the year ended May 31, 2017 was \$ 86,898.

Minimum future lease payments are:

<u>Year Ending May 31,</u>	<u>Payment Total</u>
2018	<u>\$ 80,010</u>

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2017

NOTE 6: NET ASSETS

At May 31, 2017, net assets were restricted by donors or designated by the chapter as follows:

Unrestricted net assets:	
Designated reserve for one year's operating expenses	\$ 359,955
Undesignated	77,958
Total unrestricted net assets	437,913
Temporarily restricted for:	
Operation School Bell and capital improvements	19,314
Total temporarily restricted net assets	19,314
Total net assets	\$ 457,227

NOTE 7: FUNDRAISING EVENTS AND ACTIVITIES

The chapter conducts various fundraising events and activities to help fund current operations. The revenue and related expenses from such events and activities for the year ended May 31, 2017, are as follows:

Event	Revenue	Cost of Direct Benefits to Attendees	Other Event Costs	Net Revenue
Fashion Show	\$ 44,076	\$ 8,073	\$ 12,358	\$ 23,645
Warm Your Heart	32,795	-	1,149	31,646
Other	2,270	-	663	1,607
Total special events	\$ 79,141	\$ 8,073	\$ 14,170	\$ 56,898

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
May 31, 2017

NOTE 8: NONCASH CONTRIBUTIONS

During the year ended May 31, 2017, the chapter received noncash contributions of material that have been reflected in the financial statements of the chapter as follows:

Operating supplies	<u>\$ 49,867</u>
Total noncash donations	<u>\$ 49,867</u>

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 3, 2017, the date on which the financial statements were available to be issued. There are not subsequent events to report.