

**ASSISTANCE LEAGUE OF  
SAN LUIS OBISPO COUNTY**

**REVIEWED FINANCIAL STATEMENTS**

For the Years Ended  
May 31, 2018 and 2017

**ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY**  
**INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND FINANCIAL STATEMENTS**  
For the Years Ended May 31, 2018 and 2017

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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 statements of financial position as of May 31, 2018 and 2017, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization 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 AICPA. 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 reviews, 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.

  
**BURKART & STEVENS,**  
**an Accountancy Corporation**  
San Luis Obispo, CA  
July 16, 2018

**ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY**  
**COMPARATIVE STATEMENT OF FINANCIAL POSITION**  
 May 31, 2018 and 2017

**ASSETS**

**Current Assets**

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

	2018	2017
	\$ 311,461	\$ 366,853
	2,250	1,500
	7,228	19,668
	77,466	56,502
Total Current Assets	398,405	444,523
	16,159	21,036
	5,127	5,127
Total Assets	\$ 419,691	\$ 470,686

**Property and Equipment, net of accumulated depreciation of \$27,807 at May 31, 2018 and \$ 21,174 at May 31, 2017 (Notes 1 and 4)**

**Other Assets**

Deposits

Total Assets

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable  
 Deferred revenue

	\$ 9,187	\$ 3,909
	7,915	9,550
Total Current Liabilities	17,102	13,459
	393,638	437,913
	8,951	19,314
Total Net Assets	402,589	457,227
Total Liabilities and Net Assets	\$ 419,691	\$ 470,686

Total Current Liabilities

**Net Assets**

Unrestricted (Note 6)  
 Temporarily restricted (Note 6)

Total Net Assets

Total Liabilities and Net Assets

See accompanying notes and independent accountant's review report.

**ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY**

COMPARATIVE STATEMENT OF ACTIVITIES

AND CHANGES IN NET ASSETS

For the Year Ended May 31, 2018 and 2017

	2018			2017 Totals
	Unrestricted	Temporarily Restricted	Total	
<b>Public Support and Revenue</b>				
Public Support:				
Contributions and grants	\$ 131,542	\$ 10,000	\$ 141,542	\$ 124,680
Total Public Support	131,542	10,000	141,542	124,680
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	312,506	-	312,506	253,255
Sales of donated merchandise	263,520	-	263,520	248,333
Less: Value of merchandise sold	(263,520)	-	(263,520)	(248,333)
Net revenue from thrift shop	312,506	-	312,506	253,255
Fundraising and special events, net of direct fundraising expenses of \$1,902 for May 31, 2018 and \$8,073 for May 31, 2017 (Note 7)	40,458	-	40,458	71,068
Revenue:				
Membership, net of direct expenses of \$ 1,944 for May 31, 2018 and \$3,067 for May 31, 2017	9,056	-	9,056	11,986
Investment income	689	4	693	767
Total Revenue	9,745	4	9,749	12,753
Public Support and Revenue	494,251	10,004	504,255	461,756
Net assets released from restriction	20,367	(20,367)	-	-
Total Public Support and Revenue	514,618	(10,363)	504,255	461,756
<b>Expenses</b>				
Program services:				
Operation School Bell	347,885	-	347,885	278,362
Operation Bookshelf	34,726	-	34,726	20,607
Operation School Supplies	17,252	-	17,252	-
Total program services expenses	399,863	-	399,863	298,969
Supporting services:				
Fundraising				
Thrift Shop	115,873	-	115,873	98,775
Other special events costs	-	-	-	14,170
Management and general	28,468	-	28,468	22,894
Membership development	14,689	-	14,689	18,590
Total supporting services	159,030	-	159,030	154,429
Total Expenses	558,893	-	558,893	453,398
<b>Change in net assets</b>	(44,275)	(10,363)	(54,638)	8,358
<b>Net assets as of beginning of year</b>	437,913	19,314	457,227	448,869
<b>Net assets as of end of year</b>	\$ 393,638	\$ 8,951	402,589	\$ 457,227

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, 2018 and 2017

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets  
Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation  
(Increase) decrease in accounts receivables  
(Increase) decrease in prepaid expenses  
(Increase) decrease in inventories  
Increase (decrease) in accounts payable  
Increase (decrease) in deferred revenue

Net cash provided by operating activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of fixed assets

Net cash flows provided (used) by investing activities

**NET INCREASE (DECREASE) IN CASH**

**CASH AS OF BEGINNING OF YEAR**

**CASH AS OF END OF YEAR**

	2018	2017
	\$ (54,638)	\$ 8,358
	7,354	7,314
	(750)	(664)
	12,440	(3,356)
	(20,964)	6,175
	5,278	771
	(1,635)	(3,671)
	(52,915)	14,927
	(2,477)	(543)
	(2,477)	(543)
	(55,392)	14,384
	366,853	352,469
	\$ 311,461	\$ 366,853

**SUPPLEMENTAL DISCLOSURES:**

There was no cash paid for interest or income taxes for the years ended May 31, 2018 and May 31, 2017.

**ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY**  
 COMPARATIVE STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended May 31, 2018 and 2017

	Program Services					Support Services						Total	2017
	Operation School Bell	Operation Bookshelf	Operation School Supplies	Total Program Services	Fundraising Activities	Thrift Shop	Management & General	Membership Development	Total Support Services				
Program expenses	\$ 332,586	\$ 34,726	\$ 17,252	\$ 384,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,564	\$ 308,092
Occupancy:													
Utilities	809	-	-	809	-	5,621	294	147	6,062	-	-	6,871	7,429
Repairs and maintenance	-	-	-	-	-	4,163	-	-	4,163	-	-	4,163	3,879
Rent	7,214	-	-	7,214	-	87,891	6,236	3,118	97,245	-	-	104,459	79,030
Insurance	1,361	-	-	1,361	-	450	1,371	163	1,984	-	-	3,345	3,390
Storage	3,118	-	-	3,118	-	-	-	-	-	-	-	3,118	5,388
Depreciation	1,103	-	-	1,103	-	5,883	368	-	6,251	-	-	7,354	7,314
Professional services	-	-	-	-	-	-	6,270	-	6,270	-	-	6,270	6,980
Public relations & advertising	-	-	-	-	-	1,748	1,503	-	3,251	-	-	3,251	4,067
Office supplies	-	-	-	-	-	442	3,244	1,106	4,792	-	-	4,792	8,640
National dues	-	-	-	-	-	-	-	4,940	4,940	-	-	4,940	5,800
National conference and meetings	1,694	-	-	1,694	-	-	5,081	5,062	10,143	-	-	11,837	8,289
Credit card fees	-	-	-	-	-	5,057	-	-	5,057	-	-	5,057	4,151
Licenses	-	-	-	-	-	-	-	-	-	-	-	-	602
Other	-	-	-	-	-	1,058	1,635	153	2,846	-	-	2,846	2,195
Supplies	-	-	-	-	1,902	3,560	2,466	-	7,928	-	-	7,928	6,225
Total expenses	347,885	34,726	17,252	399,863	1,902	115,873	28,468	14,689	160,932	-	-	560,795	461,471
Less expenses included with revenue on statement of activities	-	-	-	-	(1,902)	-	-	-	(1,902)	-	-	(1,902)	(8,073)
Total expenses per statement of activities	\$ 347,885	\$ 34,726	\$ 17,252	\$ 399,863	\$ -	\$ 115,873	\$ 28,468	\$ 14,689	\$ 159,030	\$ -	\$ -	\$ 558,893	\$ 453,398

Less expenses included with revenue on statement of activities

Total expenses per statement of activities

# ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

May 31, 2018

### **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 12<sup>th</sup> in the San Luis Obispo County.
- Operation Bookshelf provides a new grade appropriate book for grades kindergarten through 12<sup>th</sup> in the San Luis Obispo County.
- Operation School Supplies provides grade appropriate school supplies totes for grades kindergarten through 12<sup>th</sup> 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 (U.S. GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

#### **Basis of Presentation**

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. 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 are net assets not subject to donor-imposed restrictions or law.
- Temporarily restricted net assets are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the chapter pursuant to those restrictions or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting periods are recorded as unrestricted.
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- Permanently restricted net assets are net assets subject to donor-imposed restrictions that the gift cannot be wholly expended on a current basis. Investment returns generated from these funds are available for general support of the chapter's programs and operations unless otherwise stipulated by the donor.



# ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

May 31, 2018

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

#### **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, 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 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 purposes 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, 2018 and 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, 2018 and 2017.

#### ***Inventories***

The chapter maintains inventory of retail gift cards, books, school supplies and dental kits for use in its Operation School Bell, Operation School Supplies 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.

# ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

May 31, 2018

### **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. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

#### ***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, 2018, these volunteers donated approximately 24,654 hours with an estimated value of \$ 615,117. The value was computed using an estimated hourly rate of \$ 24.95, based upon the average hourly earnings of nonagricultural workers for the fiscal year ending May 31, 2018, 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, 2018

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

#### ***Use of Estimates***

The 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, 2018, the chapter had no substantial uncertain income tax provisions.

#### ***Functional Allocation of Expenses***

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and the Statement of Functional Expenses. 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, 2018 consist of the following:

Cash on hand	\$ 200
Checking accounts:	
Founders Community - Operating	50,923
Founders Community - Donor Restricted	8,951
Wells Fargo – Thrift Shop	121,933
Total checking accounts	<u>181,807</u>
Savings accounts:	
Founders Community - Money Market	129,454
Total savings accounts	<u>129,454</u>
Total cash and cash equivalents	<u>\$ 311,461</u>

# ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

May 31, 2018

### **NOTE 3: INVENTORIES**

Inventories at May 31, 2018 consist of the following:

Retail gift cards, books, school supplies and dental for use in the Operation School Bell, Operation School Supplies and the Operation Bookshelf Programs	\$ 15,181
Used clothing and household items held for sale at the Thrift Shop	62,285
	<hr/>
Total inventories	<u>\$ 77,466</u>

### **NOTE 4: PROPERTY AND EQUIPMENT**

At May 31, 2018 property and equipment consist of the following:

Property and equipment	\$ 13,203
Leasehold improvements	30,763
Total property and equipment	<hr/> 43,966
Less: accumulated depreciation	(27,807)
	<hr/>
Net property and equipment	<u>\$ 16,159</u>

Depreciation expense for the year ended May 31, 2018 was \$7,354.

# ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

May 31, 2018

### **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. In October 2016, additional, adjacent space was leased. The monthly rental payments for the current term is \$ 8,976. The rent expense for the year ended May 31, 2018 was \$ 104,459. In addition, a lease renewal was signed with a 60-month lease term beginning June 1, 2018 and calls for monthly payments of \$ 9,123, with a maximum 4% CPI (Consumer Price Index) increase per year. The lease will expire on May 31, 2023.

Minimum future lease payments are:

<u>Year Ending May 31,</u>	<u>Payment Total</u>
2019	\$ 109,476
2020	113,856
2021	118,416
2022	123,156
2023	128,088
Total	<u>\$ 592,992</u>

### **NOTE 6: NET ASSETS**

At May 31, 2018, net assets were restricted by donors or designated by the chapter as follows:

Unrestricted net assets:	
Designated reserve for one year's operating expenses	\$ 328,000
Undesignated	65,638
Total unrestricted net assets	<u>393,638</u>
Temporarily restricted for:	
Operation School Bell and capital improvements	<u>8,951</u>
Total temporarily restricted net assets	<u>8,951</u>
Total net assets	<u>\$ 402,589</u>

# ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

## NOTES TO FINANCIAL STATEMENTS

May 31, 2018

### **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, 2018, are as follows:

Event	Revenue	Cost of Direct Benefits to Attendees	Other Event Costs	Net Revenue
Warm Your Heart	\$ 42,360	\$ -	\$ 1,902	\$ 40,458
Other	-	-	-	-
Total special events	\$ 42,360	\$ -	\$ 1,902	\$ 40,458

### **NOTE 8: NONCASH CONTRIBUTIONS**

During the year ended May 31, 2018, the chapter received noncash contributions of materials that have been reflected in the financial statements of the chapter as follows:

Operating supplies	\$ 77,679
Total noncash donations	\$ 77,679

### **NOTE 9: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 16, 2018, the date on which the financial statements were available to be issued. There are not subsequent events to report.