



Financial Statements
May 31, 2020 and 2019

Assistance League[®] of Salt Lake City

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Independent Auditor's Report

To the Board of Directors
Assistance League of Salt Lake City
Salt Lake City, UT

Report on the Financial Statements

We have audited the accompanying financial statements of Assistance League of Salt Lake City (a nonprofit organization), which comprise the statements of financial position as of May 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 Chapter'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 Chapter'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 Salt Lake City as of May 31, 2020, and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Salt Lake City, Utah
August 14, 2020

Assistance League of Salt Lake City
 Statements of Financial Position
 May 31, 2020 and 2019

| | 2020 | 2019 |
|--------------------------------------|--------------|--------------|
| Assets | | |
| Cash and cash equivalents (Note 3) | \$ 703,342 | \$ 812,708 |
| Investments (Note 4) | 405,874 | 390,314 |
| Prepaid expenses and other assets | 21,883 | 30,473 |
| Inventories (Note 6) | 56,897 | 66,164 |
| Property and equipment, net (Note 7) | 977,069 | 1,005,157 |
| | \$ 2,165,065 | \$ 2,304,816 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 2,154 | \$ 28,494 |
| Accrued expenses | 425 | 24,836 |
| Total liabilities | 2,579 | 53,330 |
| Net Assets (Note 9) | | |
| Without donor restrictions | 2,162,486 | 2,251,486 |
| Total net assets | 2,162,486 | 2,251,486 |
| Total liabilities and net assets | \$ 2,165,065 | \$ 2,304,816 |

Assistance League of Salt Lake City
Statements of Activities
For the Years Ended May 31, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| Unrestricted Revenue, Support and Gains | | |
| Fundraising | | |
| Thrift shop revenue | | |
| Contributions of merchandise | \$ 524,480 | \$ 591,132 |
| Sales of donated merchandise | 534,092 | 578,935 |
| Less value of merchandise sold | (534,092) | (578,935) |
| Net revenue from thrift shop | 524,480 | 591,132 |
| Special events and other fundraising activities revenue | | |
| Revenue | 52,682 | 89,714 |
| In-kind contributions | 9,614 | 10,412 |
| Less direct costs | (9,114) | (16,118) |
| Net revenue from special events | 53,182 | 84,008 |
| Contributions and grants | 195,024 | 195,407 |
| In-kind contributions | 12,759 | 6,361 |
| Membership dues | 18,303 | 18,203 |
| Net investment return | 15,201 | (3,294) |
| Interest income | 2,903 | 2,554 |
| Other | 1,275 | 3,899 |
| Total unrestricted revenue, support, and gains | 823,127 | 898,270 |
| Expenses | | |
| Program services | | |
| Operation School Bell | 437,432 | 413,981 |
| Operation Healthy Teeth | 178,755 | 223,722 |
| Baby Bundles | 48,654 | 56,814 |
| Eye on Community | 56,915 | 38,122 |
| Brighter Tomorrows | 12,051 | 24,325 |
| Book Bank | 25,438 | 28,918 |
| Assault Survivor Kits | 19,854 | 18,775 |
| Assistees Community Service | 6,886 | 7,204 |
| Act III | 1,328 | 1,003 |
| Total program services expenses | 787,313 | 812,864 |
| Supporting services | | |
| Fundraising | | |
| Thrift shop | 75,399 | 85,880 |
| Special events and other fundraising activities indirect costs | 2,252 | 4,746 |
| Management and general | 37,383 | 32,369 |
| Membership development | 9,780 | 9,800 |
| Total supporting services expenses | 124,814 | 132,795 |
| Total expenses | 912,127 | 945,659 |
| Change in Net Assets | (89,000) | (47,389) |
| Net Assets - Beginning of Year | 2,251,486 | 2,298,875 |
| Net Assets - End of Year | \$ 2,162,486 | \$ 2,251,486 |

See Notes to Financial Statements

Assistance League of Salt Lake City
Statement of Functional Expenses
Year Ended May 31, 2020

| | Program Services | | | | | | | | | Supporting Services | | | | | | Total Expenses |
|---|------------------------|-------------------------|------------------|------------------|--------------------|------------------|------------------------|-------------------------------|-----------------|------------------------|------------------|-----------------|------------------------|------------------------|---------------------------|-------------------|
| | Operation School Bell® | Operation Healthy Teeth | Baby Bundles | Eye On Community | Brighter Tomorrows | Book Bank | Assault Survivor Kits® | Assisteens® Community Service | Act III | Total Program Services | Thrift Shop | Special Events | Management and General | Membership Development | Total Supporting Services | |
| Program Supplies | \$ 343,078 | \$ 153,658 | \$ 41,349 | \$ 54,825 | \$ 10,404 | \$ 21,155 | \$ 16,846 | \$ 5,623 | \$ 314 | \$ 647,252 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 647,252 |
| Occupancy | | | | | | | | | | | | | | | | |
| Utilities | 6,759 | 2,913 | 816 | 233 | 380 | 350 | 350 | 117 | 117 | 12,035 | 7,211 | - | 349 | - | 7,560 | 19,595 |
| Maintenance and repairs | 17,497 | 7,542 | 2,112 | 603 | 283 | 905 | 905 | 302 | 302 | 30,451 | 30,333 | - | 1,884 | - | 32,217 | 62,668 |
| Insurance | 4,861 | 2,095 | 587 | 168 | 466 | 251 | 251 | 84 | 84 | 8,847 | 8,847 | - | 3,226 | - | 12,073 | 20,920 |
| Deprecation | 18,279 | 7,879 | 2,206 | 630 | 295 | 945 | 945 | 315 | 315 | 31,809 | 5,614 | - | 1,971 | - | 7,585 | 39,394 |
| Postage and delivery | 32,981 | 200 | 313 | 98 | 25 | 60 | 14 | 79 | 5 | 33,775 | 472 | 734 | 99 | - | 1,305 | 35,080 |
| Printing and reproduction | 1,557 | 401 | 112 | 32 | 15 | 1,284 | 48 | 16 | 29 | 3,494 | 390 | 1,113 | 102 | - | 1,605 | 5,099 |
| Professional services | - | - | - | - | - | - | - | - | - | - | - | - | 15,100 | - | 15,100 | 15,100 |
| Public relations and advertising | 4,139 | 1,784 | 500 | 143 | 67 | 214 | 214 | 71 | 71 | 7,203 | 1,271 | - | 1,659 | - | 2,930 | 10,133 |
| Office supplies | 7,210 | 1,832 | 533 | 147 | 69 | 220 | 220 | 261 | 73 | 10,565 | 10,717 | - | 1,248 | - | 11,965 | 22,530 |
| National dues | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,780 | 9,780 | 9,780 |
| AL Circle Fund | - | - | - | - | - | - | - | - | - | - | - | - | 500 | - | 500 | 500 |
| National conferences and meetings | 472 | 204 | 57 | 16 | 38 | 24 | 24 | 8 | 8 | 851 | 722 | - | 3,858 | - | 4,580 | 5,431 |
| Education | - | - | - | - | - | - | - | - | - | - | - | - | 1,461 | - | 1,461 | 1,461 |
| Food and entertainment | - | - | - | - | - | - | - | - | - | - | - | 9,114 | - | - | 9,114 | 9,114 |
| Cost/value of merchandise sold | - | - | - | - | - | - | - | - | - | - | 534,092 | - | - | - | 534,092 | 534,092 |
| Bank service charges | 25 | - | - | - | - | - | 7 | - | - | 32 | 8,306 | 405 | 113 | - | 8,824 | 8,856 |
| Other | 574 | 247 | 69 | 20 | 9 | 30 | 30 | 10 | 10 | 999 | 1,516 | - | 5,813 | - | 7,329 | 8,328 |
| Total expenses | 437,432 | 178,755 | 48,654 | 56,915 | 12,051 | 25,438 | 19,854 | 6,886 | 1,328 | 787,313 | 609,491 | 11,366 | 37,383 | 9,780 | 668,020 | 1,455,333 |
| Less expenses included with revenue on statement of activities | - | - | - | - | - | - | - | - | - | - | (534,092) | (9,114) | - | - | (543,206) | (543,206) |
| Total expenses included in the expenses section of the statement of activities | \$ 437,432 | \$ 178,755 | \$ 48,654 | \$ 56,915 | \$ 12,051 | \$ 25,438 | \$ 19,854 | \$ 6,886 | \$ 1,328 | \$ 787,313 | \$ 75,399 | \$ 2,252 | \$ 37,383 | \$ 9,780 | \$ 124,814 | \$ 912,127 |

Assistance League of Salt Lake City
Statement of Functional Expenses
Year Ended May 31, 2019

| | Program Services | | | | | | | | | Supporting Services | | | | | Total Expenses | |
|---|------------------------|-------------------------|------------------|------------------|--------------------|------------------|------------------------|------------------------------|-----------------|------------------------|------------------|-----------------|------------------------|------------------------|-------------------|---------------------------|
| | Operation School Bell® | Operation Healthy Teeth | Baby Bundles | Eye On Community | Brighter Tomorrows | Book Bank | Assault Survivor Kits® | Assistees® Community Service | Act III | Total Program Services | Thrift Shop | Special Events | Management and General | Membership Development | | Total Supporting Services |
| Program Supplies | \$ 330,755 | \$ 204,295 | \$ 50,111 | \$ 33,147 | \$ 19,908 | \$ 23,897 | \$ 16,014 | \$ 5,987 | \$ 60 | \$ 684,174 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 684,174 |
| Occupancy | | | | | | | | | | | | | | | | |
| Utilities | 6,127 | 2,219 | 740 | 528 | 344 | 421 | 317 | 106 | 106 | 10,908 | 6,894 | - | 230 | - | 7,124 | 18,032 |
| Maintenance and repairs | 15,876 | 5,687 | 1,896 | 1,354 | 254 | 1,083 | 812 | 271 | 271 | 27,504 | 37,616 | - | 2,545 | - | 40,161 | 67,665 |
| Insurance | 5,195 | 1,881 | 627 | 448 | 498 | 358 | 269 | 90 | 90 | 9,456 | 9,454 | - | 3,164 | - | 12,618 | 22,074 |
| Deprecation | 16,530 | 5,985 | 1,995 | 1,425 | 267 | 1,140 | 855 | 285 | 285 | 28,767 | 5,077 | - | 1,781 | - | 6,858 | 35,625 |
| Postage and delivery | 27,866 | 246 | 327 | 420 | 7 | 146 | 30 | 124 | 6 | 29,172 | 661 | 228 | 49 | - | 938 | 30,110 |
| Printing and reproduction | 3,007 | 1,067 | 356 | 254 | 48 | 1,438 | 152 | 68 | 51 | 6,441 | 1,836 | 3,023 | 317 | - | 5,176 | 11,617 |
| Professional services | - | - | - | - | - | - | - | - | - | - | - | - | 14,700 | - | 14,700 | 14,700 |
| Public relations and advertising | 395 | 143 | 48 | 34 | 6 | 27 | 20 | 7 | 7 | 687 | 121 | - | 1,943 | - | 2,064 | 2,751 |
| Office supplies | 7,705 | 2,009 | 651 | 465 | 154 | 372 | 279 | 257 | 118 | 12,010 | 13,535 | 647 | 1,184 | - | 15,366 | 27,376 |
| National dues | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,800 | 9,800 | 9,800 |
| AL Circle Fund | - | - | - | - | - | - | - | - | - | - | - | - | 1,000 | - | 1,000 | 1,000 |
| Education | - | - | - | - | - | - | - | - | - | - | - | - | 2,511 | - | 2,511 | 2,511 |
| Food and Entertainment | - | - | - | - | - | - | - | - | - | - | - | 16,118 | - | - | 16,118 | 16,118 |
| Cost/value of merchandise sold | - | - | - | - | - | - | - | - | - | - | 578,935 | - | - | - | 578,935 | 578,935 |
| Bank service charges | - | - | - | 2 | - | - | - | - | - | 2 | 9,275 | 848 | 106 | - | 10,229 | 10,231 |
| Other | 525 | 190 | 63 | 45 | 2,839 | 36 | 27 | 9 | 9 | 3,743 | 1,411 | - | 2,839 | - | 4,250 | 7,993 |
| Total expenses | 413,981 | 223,722 | 56,814 | 38,122 | 24,325 | 28,918 | 18,775 | 7,204 | 1,003 | 812,864 | 664,815 | 20,864 | 32,369 | 9,800 | 727,848 | 1,540,712 |
| Less expenses included with revenue on statement of activities | - | - | - | - | - | - | - | - | - | - | (578,935) | (16,118) | - | - | (595,053) | (595,053) |
| Total expenses included in the expenses section of the statement of activities | \$ 413,981 | \$ 223,722 | \$ 56,814 | \$ 38,122 | \$ 24,325 | \$ 28,918 | \$ 18,775 | \$ 7,204 | \$ 1,003 | \$ 812,864 | \$ 85,880 | \$ 4,746 | \$ 32,369 | \$ 9,800 | \$ 132,795 | \$ 945,659 |

Assistance League of Salt Lake City
 Statements of Cash Flows
 Years Ended May 31, 2020 and 2019

| | 2020 | 2019 |
|--|-------------|-------------|
| Operating Activities | | |
| Change in net assets | \$ (89,000) | \$ (47,389) |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation | 39,394 | 35,625 |
| Net investment return | (15,201) | 3,294 |
| Changes in operating assets and liabilities | | |
| Prepaid expenses and other assets | 8,590 | (18,848) |
| Inventories | 9,267 | (9,754) |
| Accounts payable | (26,340) | (13,370) |
| Accrued expenses | (24,411) | 7,340 |
| Net Cash used for Operating Activities | (97,701) | (43,102) |
| Investing Activities | | |
| Purchase of property and equipment | (11,306) | (28,425) |
| Purchase of investments | (11,338) | (27,362) |
| Proceeds from the sale of investments | 10,979 | 26,011 |
| Net Cash used for Investing Activities | (11,665) | (29,776) |
| Net Change in Cash and Cash Equivalents | (109,366) | (72,878) |
| Cash and Cash Equivalents, Beginning of Year | 812,708 | 885,586 |
| Cash and Cash Equivalents, End of Year | \$ 703,342 | \$ 812,708 |
| Supplemental Disclosure of Non-Cash Investing and Financing Activity | | |
| Accounts payable for property and equipment | \$ - | \$ 22,432 |

Note 1 - Principal Activities and Significant Accounting Policies

Nature of Activities

Assistance League of Salt Lake City was organized under the laws of the State of Utah as a nonprofit corporation established to provide philanthropic service to the community. It is a chartered chapter of National Assistance League. The accompanying financial statements include the activities of the Chapter and its auxiliaries, Consociates Auxiliary of Assistance League of Salt Lake City and Assisteens® (collectively the Chapter). The Chapter provides the following philanthropic programs in the community:

Operation School Bell®

Purchases and distributes new clothing to school children in need referred by school personnel.

Operation Healthy Teeth

Facilitates the provision of urgent dental treatment for qualified uninsured children.

Baby Bundles

Purchases and provides newborn layette items to selected agencies and hospitals for distribution to mothers in need.

Eye on the Community

Provides aid in response to identified and emerging community needs that are not met by the other programs.

Brighter Tomorrows

Provides appropriate clothing for referred individuals returning to the work force or school.

Book Bank

Plans and implements a literacy program for children and purchases appropriate books.

Assault Survivor Kits®

Purchases and provides clothing and hygiene articles to selected agencies for victims of sexual assault.

Assisteens® Auxiliary

Provides programs and services to youth, seniors, and others in need.

Act III

Prepares and presents entertainment programs to residents in care facilities.

The operation of the Chapter's thrift shop, private donations, foundation grants and other fundraising efforts provide a significant portion of the Chapter's support and revenues.

Basis of Accounting

The 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.

Cash and Cash Equivalents

The Chapter considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments

The Chapter records investment purchases at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Inventories

The Chapter maintains an inventory of new clothing for use in its various programs, including Operation School Bell®, which is stated at the lower of cost or net realizable value determined by first-in, first-out method. The Chapter also maintains an inventory of donated used clothing, furniture and household items for resale in the Chapter's thrift shop. Donated inventory is valued at its estimated fair market value.

Property and Equipment

Property and equipment additions are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended May 31, 2020 and 2019.

Net Assets

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

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Chapter reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. At May 31, 2020 and 2019, the Chapter has no restricted net assets.

Revenue and Revenue Recognition

Revenues from the sale of donated used clothing and household items from the Chapter's thrift shop are recognized when the sale occurs, and all performance obligations have been fulfilled.

The Chapter recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Membership dues, which are nonrefundable, do not have any exchange element and are therefore recorded as a contribution when received.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

During the year ended May 31, 2020 and 2019, all revenue was recognized at a point in time.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Chapter's program services, administration, and fundraising and development activities; A significant portion of the Chapter's functions and programs are conducted by unpaid member volunteers. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. During the year ended May 31, 2020, these volunteers donated approximately 33,767 hours with an estimated value of \$906,982. This value was computed using an estimated hourly rate of \$26.86, based upon the average hourly earnings of nonagricultural workers for the year ended May 31, 2020, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, which includes 12% for estimated fringe benefits. During the year ended May 31, 2019, these volunteers donated approximately 33,326 hours with an estimated value of \$859,144. This value was computed using an estimated hourly rate of \$25.78, based upon the average hourly earnings of nonagricultural workers for the year ended May 31, 2019, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, which includes 12% for estimated fringe benefits.

Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, office supplies, postage and printing and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Chapter is organized as an Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been determined not to be a private foundation under Section 509(a)(2). Exempt status is also recognized by the State of Utah under the same IRC section. The Chapter is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Chapter is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Chapter has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Chapter believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Chapter would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At May 31, 2020 and 2019, the Chapter had no uninsured deposits at these institutions. To date, the Chapter has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Adoption of Accounting Standards Codification Topic 606

As of June 1, 2019, Assistance League of Salt Lake City adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Assistance League of Salt Lake City has adopted Topic 606 using the modified retrospective approach. The amendment has been applied retrospectively to all periods presented with no effect on net assets.

Note 2 - Liquidity and Availability

Assistance League of Salt Lake City regularly monitors liquidity required to meet its operating needs and other contractual commitments. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following at May 31, 2020 and 2019:

| | 2020 | 2019 |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 703,342 | \$ 812,708 |
| Investments | 405,874 | 390,314 |
| | <u>\$ 1,109,216</u> | <u>\$ 1,203,022</u> |

To build upon past achievements and ensure future sustainability, the Chapter has a policy that requires the board to maintain net assets without donor restrictions sufficient for one year's operating expenses. In addition to the financial assets noted above, the Chapter has thrift shop inventory that will likely be converted to cash or available for general expenditure during the course of the next year's operations.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following at May 31, 2020 and 2019:

| | 2020 | 2019 |
|---------------------------------|------------|------------|
| Checking Accounts | | |
| Wells Fargo | \$ 20,479 | \$ 26,029 |
| Zions Bank | 89,270 | 93,662 |
| Chase | 110,600 | 137,813 |
| Total checking accounts | 220,349 | 257,504 |
| Savings Accounts | | |
| Wells Fargo | 210,999 | 113,472 |
| Chase | 65,744 | 57,117 |
| Zions Bank | 137,963 | 137,325 |
| TIAA | 68,287 | 247,290 |
| Total savings accounts | 482,993 | 555,204 |
| Total cash and cash equivalents | \$ 703,342 | \$ 812,708 |

Note 4 - Investments

Investments as of May 31, 2020 and 2019, are stated at fair value and consist of mutual funds. For the years ended May 31, 2020 and 2019, net realized and unrealized gains (losses) were \$3,866 and (\$13,414), respectively and interest income and dividends were \$11,335 and \$10,120, respectively.

Note 5 - Fair Value Measurements

The Chapter reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting Chapter. Unobservable inputs are inputs that reflect the reporting Chapter's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

The Chapter's investments are reported at fair value as determined using Level 1 inputs under the fair value hierarchy because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. The following table presents assets and liabilities measured at fair value on a recurring basis, at May 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|------------------------|-------------------|-------------------|
| Mutual funds (level 1) | | |
| Equity funds | \$ 277,487 | \$ 266,069 |
| Fixed income | <u>128,387</u> | <u>124,245</u> |
| Total | <u>\$ 405,874</u> | <u>\$ 390,314</u> |

Note 6 - Inventories

Inventories at May 31, 2020 and 2019, consist of the following:

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Thrift shop (used clothing, furniture and household items) | \$ 38,401 | \$ 48,014 |
| Operation School Bell® (new clothing) | 5,544 | 12,970 |
| Other program inventories | <u>12,952</u> | <u>5,180</u> |
| Total inventories | <u>\$ 56,897</u> | <u>\$ 66,164</u> |

Note 7 - Property and Equipment

Property and equipment consists of the following at May 31, 2020 and 2019:

| | 2020 | 2019 |
|-----------------------------------|--------------|--------------|
| Buildings and improvements | \$ 1,304,729 | \$ 1,251,859 |
| Land | 464,490 | 464,490 |
| Parking lot improvements | 53,202 | 53,202 |
| Equipment | 36,778 | 33,667 |
| Fence | 3,061 | 3,061 |
| Construction in process | - | 44,864 |
| | 1,862,260 | 1,851,143 |
| Less accumulated depreciation | (885,191) | (845,986) |
| Total property and equipment, net | \$ 977,069 | \$ 1,005,157 |

Note 8 - Leases

The Company leases office equipment under various short- and long-term operating leases. The leases expire at various dates through October 2023.

Future minimum lease payments are as follows:

| Years Ending May 31, | | |
|----------------------|----|-------|
| 2021 | \$ | 2,154 |
| 2022 | | 2,026 |
| 2023 | | 577 |
| | | 577 |
| | \$ | 4,757 |

Total lease expense for the years ended May 31, 2020 and 2019, totaled \$2,200 and \$2,153, respectively.

Note 9 - Net Assets without Donor Restrictions

At May 31, 2020 and 2019, net assets were designated by the board of directors as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| Net assets without donor restrictions | | |
| Designated for future operating needs | \$ - | \$ 851,525 |
| Designated for capital expenditures | - | 43,000 |
| Undesignated | 2,162,486 | 1,356,961 |
| Total net assets without donor restrictions | \$ 2,162,486 | \$ 2,251,486 |

During the year ended May 31, 2020 the board removed designations for future operating needs, however, the Organization will continue to assure that sufficient undesignated assets are maintained to fund operations for one year.

Note 10 - Special Events

The Chapter has various fundraising events to help fund operations. The revenue and related expenses from such events for the years ended May 31, 2020 and 2019, are as follows:

| | 2020 | | | |
|-------------------------------|-------------------|--------------------|-------------------|-------------------|
| | Revenue | Direct Costs | Other Event Costs | Net Revenue |
| Annual Appeal 2019-2020 | \$ 28,446 | \$ - | \$ (2,034) | \$ 26,412 |
| Women of Distinction Luncheon | 4,615 | - | (218) | 4,397 |
| Donor Sponsored Event | 29,235 | (9,114) | - | 20,121 |
| | <u>\$ 62,296</u> | <u>\$ (9,114)</u> | <u>\$ (2,252)</u> | <u>\$ 50,930</u> |
| | 2019 | | | |
| | Revenue | Direct Costs | Other Event Costs | Net Revenue |
| Annual Appeal 2018-2019 | \$ 31,578 | \$ - | \$ (2,431) | \$ 34,009 |
| Women of Distinction Luncheon | 32,561 | (6,206) | (2,076) | 40,843 |
| Donor Sponsored Event | 34,912 | (9,912) | - | 44,824 |
| Community Newsletter | 1,075 | - | (239) | 1,314 |
| | <u>\$ 100,126</u> | <u>\$ (16,118)</u> | <u>\$ (4,746)</u> | <u>\$ 120,990</u> |

Note 11 - Noncash Contributions

During the years ended May 31, 2020 and 2019, the Chapter received contributions of merchandise totaling \$524,480 and \$591,132, respectively, for the Chapter's thrift shop. In addition, the Chapter received other noncash contributions that have been reflected in the accompanying financial statements as follows:

| | 2020 | 2019 |
|----------------------|------------------|------------------|
| Fundraising supplies | \$ 9,614 | \$ 10,412 |
| Program supplies | 12,759 | 6,361 |
| Total | <u>\$ 22,373</u> | <u>\$ 16,773</u> |

Note 12 - Subsequent Events

Management has evaluated subsequent events through August 14, 2020, the date the financial statements were available to be issued.

Assistance League of Salt Lake City's general operations have been negatively impacted by the effects of the world-wide coronavirus pandemic. In March 2020 the Organization closed the thrift shop in response to the pandemic. Subsequent to year end, in June 2020, the thrift shop reopened with reduced hours. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

In addition, the United States and global investment markets have experienced significant fluctuations in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these fluctuations.