

**ASSISTANCE LEAGUE®
OF INDIANAPOLIS**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

MAY 31, 2009

**WITH SUMMARIZED INFORMATION AS OF
AND FOR THE YEAR ENDED MAY 31, 2008**

ASSISTANCE LEAGUE® OF INDIANAPOLIS

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Independent Auditors' Report

Board of Directors
Assistance League®
of Indianapolis
Indianapolis, Indiana

We have audited the accompanying statement of financial position of Assistance League® of Indianapolis (the Chapter) as of May 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Chapter's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Chapter's 2008 financial statements and, in our report dated September 18, 2008, we expressed an unqualified opinion on those financial statements.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Chapter's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chapter as of May 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gauthier & Kimmerling, LLC

October 13, 2009

**ASSISTANCE LEAGUE® OF INDIANAPOLIS
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED MAY 31,**

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and cash equivalents (Note 2)	\$ 614,850	\$ 612,308
Inventories (Note 4)	222,978	212,198
Prepaid expenses	9,702	14,173
Property and equipment (Note 6)	<u>5,428</u>	<u>5,522</u>
 Total Assets	 <u>\$ 852,958</u>	 <u>\$ 844,201</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 6,973	\$ 2,521
Deferred revenue	<u>11,670</u>	<u>11,120</u>
 Total Liabilities	 <u>18,643</u>	 <u>13,641</u>
 Net Assets: (Note 8)		
Unrestricted	789,106	771,501
Temporarily restricted	17,297	31,147
Permanently restricted	<u>27,912</u>	<u>27,912</u>
 Total Net Assets	 <u>834,315</u>	 <u>830,560</u>
 Total Liabilities and Net Assets	 <u>\$ 852,958</u>	 <u>\$ 844,201</u>

The accompanying notes are an integral part of the financial statements.

ASSISTANCE LEAGUE® OF INDIANAPOLIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2009
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2008

	2009			2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES				
Special events revenue (Note 9)	\$ 151,707	\$ -	\$ -	\$ 151,707
Less: cost of direct benefits to attendees	(28,314)	-	-	(28,314)
Net revenue from special events	123,393	-	-	123,393
Contributions and grants	214,527	17,297	-	231,824
Membership	15,511	-	-	15,511
Investment return	17,866	-	-	17,866
Total Revenues	371,297	17,297	-	388,594
Net assets released from restrictions				
Expiration of time restrictions	31,147	(31,147)	-	-
Total Revenue and Other Support	402,444	(13,850)	-	388,594
EXPENSES				
Program services				
Operation School Bell	304,174	-	-	304,174
Assault Survivor Kits	12,324	-	-	12,324
Other Projects	20,770	-	-	20,770
Total Program Services	337,268	-	-	337,268
Supporting Services				
Management and general	12,183	-	-	12,183
Membership development	14,871	-	-	14,871
Fundraising	5,846	-	-	5,846
Special events	14,671	-	-	14,671
Total Supporting Services	47,571	-	-	47,571
Total Expenses	384,839	-	-	384,839
Change in net assets	17,605	(13,850)	-	3,755
Net assets - beginning of year	771,501	31,147	27,912	830,560
Net assets - end of year	\$ 789,106	\$ 17,297	\$ 27,912	\$ 834,315

The accompanying notes are an integral part of the financial statements.

ASSISTANCE LEAGUE® OF INDIANAPOLIS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2009
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2008

	PROGRAM SERVICES					SUPPORTING SERVICES					2009	2008
	Operation School Bell	Assault Survivor Kits	Other Projects	Total Program Services	Other Fundraising	Special Events	Management and General	Membership Development	Total Supporting Services	Total Expenses	Total Expenses	Total Expenses
Program inventory	\$ 242,628	\$ 9,959	\$ 16,787	\$ 269,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,374	\$ 280,430
Occupancy												
Utilities	2,605	106	178	2,889	50	126	104	-	280		3,169	3,255
Repairs and maintenance	9,486	384	648	10,518	182	458	380	-	1,020		11,538	8,783
Rent	12,382	502	845	13,729	238	597	496	-	1,331		15,060	15,060
Insurance	4,019	163	274	4,456	77	194	161	-	432		4,888	5,271
Depreciation	1,767	32	54	1,853	15	38	31	-	84		1,937	9,423
Equipment	84	-	-	84	-	-	-	-	-		84	199
Postage	-	-	-	-	423	691	185	1,319	2,618		2,618	3,219
Printing	-	-	-	-	1,382	4,650	100	3,293	9,425		9,425	9,987
Professional services	-	-	-	-	-	-	5,750	2,359	8,109		8,109	10,079
Public relations and advertising	21,250	861	1,451	23,562	408	1,025	851	-	2,284		25,846	13,735
Office supplies	891	-	-	891	-	-	731	-	731		1,622	509
National dues	-	-	-	-	-	-	-	7,700	7,700		7,700	5,500
National convention and meetings	5,598	227	382	6,207	108	270	1,274	-	1,652		7,859	6,209
Education	710	29	48	787	14	34	28	-	76		863	759
Telephone	1,502	61	103	1,666	29	72	60	-	161		1,827	1,829
Food and entertainment	-	-	-	-	-	28,314	-	-	28,314		28,314	30,076
Other	1,252	-	-	1,252	2,920	6,516	2,032	200	11,668		12,920	10,404
Total Expenses	304,174	12,324	20,770	337,268	5,846	42,985	12,183	14,871	75,885		413,153	414,727
Less direct donor benefit expenses included on statement of activities	-	-	-	-	-	(28,314)	-	-	(28,314)		(28,314)	(30,076)
Total Expenses Per Statement of Activities	\$ 304,174	\$ 12,324	\$ 20,770	\$ 337,268	\$ 5,846	\$ 14,671	\$ 12,183	\$ 14,871	\$ 47,571		\$ 384,839	\$ 384,651

The accompanying notes are an integral part of the financial statements.

**ASSISTANCE LEAGUE® OF INDIANAPOLIS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MAY 31,**

	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 3,755	\$ 115,978
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Depreciation	1,937	9,423
Decrease (increase) in inventories	(10,780)	(3,141)
Decrease (increase) in prepaid expenses	4,470	(7,729)
(Decrease) increase in accounts payable	4,452	(1,139)
(Decrease) increase in deferred revenue	<u>550</u>	<u>(500)</u>
Net Cash Provided By (Used In) Operating Activities	<u>4,384</u>	<u>112,892</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(1,842)</u>	<u>(1,837)</u>
Net change in cash and cash equivalents	2,542	111,055
Cash - beginning of year	<u>612,308</u>	<u>501,253</u>
Cash - end of year	<u>\$ 614,850</u>	<u>\$ 612,308</u>
Interest paid during the year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

ASSISTANCE LEAGUE® OF INDIANAPOLIS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2009
WITH SUMMARIZED INFORMATION AS OF AND FOR
THE YEAR ENDED MAY 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Assistance League® of Indianapolis (the Chapter) is a nonprofit corporation and is a chartered chapter of National Assistance League. The accompanying financial statements include the activities of the Chapter. The Chapter provides the following programs:

- Operation School Bell – New clothing, books, school supplies, and hygiene kits are provided to elementary school pupils. Shoes are provided in a separate program.
- Assault Survivor Kits (ASK) – Clothing is distributed to assault victims.
- ALI Bears – Teddy bears are distributed to children and adults in trauma situations and to hospice patients.
- ALI Caps – Caps and scarves are provided to children and adults who have lost hair due to chemotherapy.
- ALI Friends – Crafts and entertainment are provided for residents in a local nursing home and an elder day care facility.

The Chapter's support comes from contributions, fundraising efforts, and volunteerism.

Basis of accounting – The financial statements of the Chapter have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation – The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Chapter is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Chapter's financial statements for the year ended May 31, 2008, from which the summarized information was derived.

Cash and cash equivalents – Cash and cash equivalents include cash held in checking and money market accounts, time deposits, certificates of deposit, and all highly liquid investments with original maturities of three months or less.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 restriction 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 services – A significant portion of the Chapter's program service, fundraising, and administrative functions 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, 2009, these volunteers donated approximately 24,307 hours with an estimated value of \$499,023. This value was computed using an estimated hourly rate of \$20.53, based upon the average hourly earnings of nonagricultural workers for the time period of \$18.33, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% 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 IC 6-3-2-2.8(1) of the Revenue and Taxation Code of the State of Indiana.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 based on the percentage of program expenses.

Inventories – The Chapter maintains an inventory of new clothing, school supplies, hygiene items, and books for use in its Operation School Bell program 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 scarves, caps, teddy bears, and various other items for use in its other programs which are stated at 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, cash equivalents, and investments. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the FDIC up to \$250,000. At May 31, 2009, the Chapter had no balances in excess of insured limits.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and equipment – Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. 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:

Buildings and improvements	10 to 45 years
Furniture and equipment	5 to 10 years
Equipment under capital lease	6 years
Vehicles	5 years

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

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2009, consist of the following:

Cash on hand	\$ <u>-</u>
Checking accounts:	
Chase Bank	13,274
National Bank of Indianapolis	31,706
Flagstar Bank	<u>20,303</u>
Total checking accounts	<u>65,283</u>
Savings accounts:	
Fifth Third Bank - money market savings	52,341
Flagstar Bank - money market savings	6,105
Chase Bank - certificates of deposit	50,000
National Bank of Indianapolis - certificates of deposit	59,498
Chase Bank - money market savings	31,810
Pinnacle Bank - certificates of deposit	65,378
Superior Bank - certificates of deposit	93,303
National City Bank - certificates of deposit	3,615
Charles Schwab - investment account	9,916
United Bank - certificates of deposit	94,510
Summit Bank - certificates of deposit	37,675
Bank of Nevada - certificates of deposit	<u>45,416</u>
Total savings accounts	<u>549,567</u>
Total cash and cash equivalents	<u>\$ 614,850</u>

3. PROMISES TO GIVE

There are no promises to give at May 31, 2009.

4. INVENTORIES

Inventories at May 31, 2009, consist of the following:

New clothing and other items for use in its Operation School Bell program	\$ 209,255
Assault Survivor Kits	7,509
ALL programs inventory	<u>6,214</u>
	<u>\$ 222,978</u>

5. INVESTMENTS

The Chapter had no investments at May 31, 2009.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at May 31, 2009:

Leasehold improvements	\$ 87,673
Furnishings and equipment	<u>11,756</u>
Total	99,429
Less: accumulated depreciation	<u>(94,001)</u>
Total Property and Equipment	<u>\$ 5,428</u>

7. LEASES

The Chapter leases office space under an operating lease that expires on August 31, 2010. Monthly lease payments are \$1,255. Rental expense, included in the Chapter's statement of activities for the years ended May 31, 2009 and 2008, was \$15,060 and \$15,060, respectively.

Minimum rental payments required under the operating lease as of May 31, 2009, are as follows:

<u>Payable in Year Ending May 31,</u>	<u>Rental Payments</u>
2010	\$ 10,040
2011	-
2012	-
2013	-
2014	-
Total	<u>\$ 10,040</u>

8. NET ASSETS

The Chapter's net assets at May 31, 2009, consist of the following:

Unrestricted net assets:	
Designated for future operating needs	\$ 428,740
Designated for building expansion	200,000
Undesignated	<u>160,366</u>
Total unrestricted net assets	<u>789,106</u>
Total temporarily restricted net assets	<u>17,297</u>
Permanently restricted net assets:	
Penny Fischer Memorial Endowment	<u>27,912</u>
Total	<u>\$ 834,315</u>

9. SPECIAL FUNDRAISING EVENTS

The Chapter held various fundraising events to help fund current operations. The revenues and related expenses from such events for the year ended May 31, 2009, are as follows:

<u>Event</u>	<u>Gross Revenue</u>	<u>Cost of Direct Benefit for Attendees</u>	<u>Other Event Costs</u>	<u>Net Revenue</u>
Gala	\$ 104,000	\$ (16,307)	\$ (10,383)	\$ 77,310
Holiday luncheon	45,144	(12,007)	(1,475)	31,662
Other fundraising	<u>2,563</u>	<u>-</u>	<u>(2,813)</u>	<u>(250)</u>
Total	<u>\$ 151,707</u>	<u>\$ (28,314)</u>	<u>\$ (14,671)</u>	<u>\$ 108,722</u>

The Gala gross revenue includes \$4,202 in in-kind contributions. The Gala also incurred \$10,383 in costs that did not directly benefit attendees.