

# **Assistance League® of Indianapolis**

**Financial Statements  
May 31, 2020 and 2019, with  
Independent Auditors' Report**

**ASSISTANCE LEAGUE® OF INDIANAPOLIS**  
**May 31, 2020 and 2019**

**Contents**

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	<b>Page(s)</b>
Independent Auditors' Report	1 -2
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	4 - 5
Statement of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 14

## Independent Auditors' Report

To the Board of Directors  
Assistance League® of Indianapolis  
Indianapolis, Indiana

### Report on Financial Statements

We have audited the accompanying financial statements of Assistance League® of Indianapolis (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 amount and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Assistance League® of Indianapolis 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.

**Independent Auditors' Report  
(Continued)**

***Effect of Adopting New Accounting Standard***

As discussed in Note 1, Assistance League® of Indianapolis has adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606"). Our opinion is not modified with respect to these matters.

*Barnes, Dennig & Co., Ltd.*

August 20, 2020  
Indianapolis, Indiana

**ASSISTANCE LEAGUE® OF INDIANAPOLIS**  
**Statements of Financial Position**  
**May 31, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 960,692	\$ 890,424
Grants receivable	41,500	7,500
Inventories	178,263	256,820
Other assets	10,466	4,857
Total assets	\$ 1,190,921	\$ 1,159,601
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Deferred revenue	\$ 18,225	\$ 18,002
Accounts payable	222	1,879
Total liabilities	18,447	19,881
<b>Net assets</b>		
Without donor restrictions	1,084,328	1,027,670
With donor restrictions	88,146	112,050
Total net assets	1,172,474	1,139,720
Total liabilities and net assets	\$ 1,190,921	\$ 1,159,601

See accompanying notes to financial statements

**ASSISTANCE LEAGUE® OF INDIANAPOLIS**

**Statement of Activities  
Year Ended May 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Special events revenue	\$ 230,117	\$ -	\$ 230,117
Less: cost of direct benefits to attendees	(14,154)	-	(14,154)
Net revenue from special events	215,963	-	215,963
Contributions and grants	83,493	212,995	296,488
Membership	21,445	-	21,445
Other income	9,197	-	9,197
Net assets released from restrictions	236,899	(236,899)	-
Total revenue and other support	566,997	(23,904)	543,093
<b>Expenses</b>			
Program services			
Operation School Bell®	401,773	-	401,773
Assault Survivor Kits®	15,640	-	15,640
Other projects	7,332	-	7,332
Total program services	424,745	-	424,745
Supporting services			
Management and general	14,973	-	14,973
Membership development	12,057	-	12,057
Fundraising	51,885	-	51,885
Special events	6,679	-	6,679
Total supporting services	85,594	-	85,594
Total expenses	510,339	-	510,339
<b>Change in net assets</b>	56,658	(23,904)	32,754
<b>Net assets, beginning of year</b>	1,027,670	112,050	1,139,720
<b>Net assets, end of year</b>	\$ 1,084,328	\$ 88,146	\$ 1,172,474

See accompanying notes to financial statements

**ASSISTANCE LEAGUE® OF INDIANAPOLIS**  
**Statement of Activities**  
**Year Ended May 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Special events revenue	\$ 251,464	\$ -	\$ 251,464
Less: cost of direct benefits to attendees	(32,247)	-	(32,247)
Net revenue from special events	219,217	-	219,217
Contributions and grants	147,001	221,155	368,156
Membership	21,611	-	21,611
Other income	2,112	-	2,112
Net assets released from restrictions	152,673	(152,673)	-
Total revenue and other support	542,614	68,482	611,096
<b>Expenses</b>			
Program services			
Operation School Bell®	428,713	-	428,713
Assault Survivor Kits®	16,791	-	16,791
Other projects	12,746	-	12,746
Total program services	458,250	-	458,250
Supporting services			
Management and general	13,914	-	13,914
Membership development	12,324	-	12,324
Fundraising	50,817	-	50,817
Special events	6,962	-	6,962
Total supporting services	84,017	-	84,017
Total expenses	542,267	-	542,267
<b>Change in net assets</b>	347	68,482	68,829
<b>Net assets, beginning of year</b>	1,027,323	43,568	1,070,891
<b>Net assets, end of year</b>	\$ 1,027,670	\$ 112,050	\$ 1,139,720

See accompanying notes to financial statements

**ASSISTANCE LEAGUE® OF INDIANAPOLIS**

**Statement of Functional Expenses**

**Year Ended May 31, 2020**

	PROGRAM SERVICES				SUPPORTING SERVICES					
	Operation School Bell®	Assault Survivor Kits®	Other Programs	Total Program Services	Other Fundraising	Special Events	Management and General	Membership Development	Total Supporting Services	Total Expenses
Program inventory	\$ 356,974	\$ 12,308	\$ 6,565	\$ 375,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,847
Professional services	-	-	-	-	35,000	-	7,564	266	42,830	42,830
Food and entertainment	-	-	-	-	-	14,154	-	-	14,154	14,154
Other	2,829	380	41	3,250	11,388	5,667	834	2,551	20,440	23,690
Repairs and maintenance	10,687	376	196	11,259	1,377	168	318	-	1,863	13,122
Rent	10,108	356	185	10,649	1,303	159	303	-	1,765	12,414
Public relations and advertising	8,091	285	148	8,524	1,043	127	243	-	1,413	9,937
Insurance	7,685	271	141	8,097	990	121	229	-	1,340	9,437
National dues	-	-	-	-	-	-	-	9,240	9,240	9,240
National convention and meetings	2,334	1,556	-	3,890	389	389	5,389	-	6,167	10,057
Utilities	3,065	108	56	3,229	395	48	93	-	536	3,765
<b>Total expenses</b>	<b>401,773</b>	<b>15,640</b>	<b>7,332</b>	<b>424,745</b>	<b>51,885</b>	<b>20,833</b>	<b>14,973</b>	<b>12,057</b>	<b>99,748</b>	<b>524,493</b>
Less direct donor benefit expenses included on statement of activities	-	-	-	-	-	(14,154)	-	-	(14,154)	(14,154)
<b>Total expenses</b>	<b>\$ 401,773</b>	<b>\$ 15,640</b>	<b>\$ 7,332</b>	<b>\$ 424,745</b>	<b>\$ 51,885</b>	<b>\$ 6,679</b>	<b>\$ 14,973</b>	<b>\$ 12,057</b>	<b>\$ 85,594</b>	<b>\$ 510,339</b>

See accompanying notes to financial statements



**ASSISTANCE LEAGUE® OF INDIANAPOLIS**

**Statement of Functional Expenses  
Year Ended May 31, 2019**

	PROGRAM SERVICES			SUPPORTING SERVICES					Total Supporting Services	Total Expenses
	Operation School Bell®	Assault Survivor Kits®	Other Programs	Total Program Services	Other Fundraising	Special Events	Management and General	Membership Development		
Program inventory	\$ 383,771	\$ 14,401	\$ 11,460	\$ 409,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409,632
Professional services	-	-	-	-	34,375	-	6,946	26	41,347	41,347
Food and entertainment	-	-	-	-	-	32,247	-	-	32,247	32,247
Other	3,532	269	81	3,882	11,497	6,172	2,122	3,578	23,369	27,251
Repairs and maintenance	10,734	406	319	11,459	1,271	171	321	-	1,763	13,222
Rent	10,188	385	303	10,876	1,206	162	306	-	1,674	12,550
Public relations and advertising	9,010	341	268	9,619	1,067	143	271	-	1,481	11,100
Insurance	7,334	277	218	7,829	868	116	219	-	1,203	9,032
National dues	-	-	-	-	-	-	-	8,720	8,720	8,720
National convention and meetings	883	589	-	1,472	147	147	3,630	-	3,924	5,396
Utilities	3,261	123	97	3,481	386	51	99	-	536	4,017
<b>Total expenses</b>	<b>428,713</b>	<b>16,791</b>	<b>12,746</b>	<b>458,250</b>	<b>50,817</b>	<b>39,209</b>	<b>13,914</b>	<b>12,324</b>	<b>116,264</b>	<b>574,514</b>
Less direct donor benefit expenses included on statement of activities	-	-	-	-	-	(32,247)	-	-	(32,247)	(32,247)
<b>Total expenses</b>	<b>\$ 428,713</b>	<b>\$ 16,791</b>	<b>\$ 12,746</b>	<b>\$ 458,250</b>	<b>\$ 50,817</b>	<b>\$ 6,962</b>	<b>\$ 13,914</b>	<b>\$ 12,324</b>	<b>\$ 84,017</b>	<b>\$ 542,267</b>

See accompanying notes to financial statements

**ASSISTANCE LEAGUE® OF INDIANAPOLIS**

**Statements of Cash Flows  
Years Ended May 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from operating activities</b>		
Change in net assets	\$ 32,754	\$ 68,829
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Changes in:		
Inventories	78,557	(66,585)
Grants receivable	(34,000)	(7,500)
Other assets	(5,609)	(2,096)
Deferred revenue	223	1,962
Accounts payable	<u>(1,657)</u>	<u>1,879</u>
Net cash provided by (used in) operating activities	<u>70,268</u>	<u>(3,511)</u>
<b>Net change in cash and cash equivalents</b>	70,268	(3,511)
<b>Cash and cash equivalents, beginning of year</b>	<u>890,424</u>	<u>893,935</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 960,692</u></u>	<u><u>\$ 890,424</u></u>

See accompanying notes to financial statements

## ASSISTANCE LEAGUE OF INDIANAPOLIS

### Notes to Financial Statements

#### NOTE 1 NATURE OF THE ORGANIZATION AND 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 only include the activities of the Chapter. The Chapter provides the following programs:

- Operation School Bell® – Provides underserved Indianapolis students with new clothing, shoes, new books, and hygiene kits.
- Assault Survivor Kits® – Clothing is distributed to assault victims.
- ALI Bears – Teddy bears are distributed to children and adults in trauma situations and to hospice patients.
- 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 in accordance with generally accepted accounting principles (GAAP). The Chapter is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### ***Cash and Cash Equivalents***

The Chapter considers all liquid investments with original maturities of three months or less to be cash equivalents. At May 31, 2020, cash equivalents consisted primarily of money market funds and certificates of deposit. The Chapter maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Chapter has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

##### ***Inventories***

The Chapter maintains an inventory of new clothing, hygiene items, duffel bags, 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 sweat suits, underwear and teddy bears, for use in its other programs which are stated at estimated fair value.

##### ***Deferred Revenue and Revenue Recognition***

Membership dues collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues and fees relate. Membership dues are for the same fiscal year as the Chapter.

## ASSISTANCE LEAGUE OF INDIANAPOLIS

### Notes to Financial Statements (Continued)

#### NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Contributions***

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a donor releases restriction, when a stipulated time restriction ends or when a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same reporting period are reported as contributions with donor restrictions and then released from restriction.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Collections on the grants receivable at May 31, 2020 is expected to be \$26,500 and \$15,000 during the years ended May 31, 2021 and 2022, respectively.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. No conditional gifts were received in 2020. In 2016, the Chapter received a 3-year conditional gift of \$45,000, of which \$15,000 was recognized in both 2020 and 2019.

##### ***Donated services***

The Chapter is an all-volunteer member organization with no paid employees. 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, 2020, these volunteers donated 23,468 hours with an estimated value of \$630,350. This value was computed using an estimated hourly rate of \$26.86, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2020, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits. For fiscal year ended May 31, 2019 volunteers donated 24,933 hours valued at \$642,773.

##### ***Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the percentage of program service or supporting service expense to total expenses excluding total development expense.

## ASSISTANCE LEAGUE OF INDIANAPOLIS

### Notes to Financial Statements (Continued)

#### NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***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. Management believes that the chapter has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

##### ***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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

##### ***Effect of Adopting New Accounting Standard***

During 2020, The Chapter adopted FASB ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), which replaces most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Chapter adopted the ASU using the modified retrospective approach to all contracts that were not completed as of the beginning of 2019. Results for reporting periods beginning after May 31, 2019 are presented under Topic 606, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The most significant impact of the adoption of Topic 606 is expanded disclosures for revenue recognition.

During 2020, The Chapter adopted FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*. The standard clarified and improved previous guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarified how an entity determined whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also required that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The ASU has been applied using the modified prospective basis for all grants and contracts that were not completed as of June 1, 2019.

**ASSISTANCE LEAGUE OF INDIANAPOLIS**

**Notes to Financial Statements  
(Continued)**

**NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***New Accounting Standards***

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Chapter's year ending May 31, 2023.

The Chapter is currently in the process of evaluating the impact of adoption of the ASU on the financial statements.

***Reclassifications***

Certain 2019 figures have been reclassified to conform to the 2020 presentation.

***Subsequent Events***

Subsequent events have been evaluated through the August 20, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Chapter's total financial assets at May 31 are as follows as:

	2020	2019
Cash	\$ 960,692	\$ 890,424
Accounts receivable	41,500	7,500
Total financial assets available	\$ 1,002,192	\$ 897,924

The following reflects the Chapter's total financial assets reduced by amounts not available for general use due to restrictions provided by donor-imposed restrictions within one year of the statement of financial position date.

Financial assets available, per above	\$ 1,002,192	\$ 897,924
Less assets with donor restrictions (purpose restrictions)	(88,146)	(112,050)
Net financial assets available	\$ 914,046	\$ 785,874

The Chapter strives to maintain liquid financial assets sufficient to cover one year of general expenditures. The Chapter's policy is to have unrestricted cash and cash equivalents, investments, or other current assets sufficient for one year's operation of program services, including direct and indirect costs. The Chapter's operating budget for the year ending May 31, 2020 and 2019 is \$522,930 and \$532,942, respectively. This amount has been set aside by the Chapter for this purpose.

**ASSISTANCE LEAGUE OF INDIANAPOLIS**

**Notes to Financial Statements  
(Continued)**

**NOTE 3 INVENTORIES**

Inventories at May 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
New clothing and other items for use in its Operation School Bell® program	\$ 164,172	\$ 249,743
Assault Survivor Kits®	9,923	6,433
ALI programs inventory	<u>4,168</u>	<u>644</u>
	<u>\$ 178,263</u>	<u>\$ 256,820</u>

**NOTE 4 NET ASSETS**

Net assets at May 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Designated for building expansion	\$ 100,000	\$ 100,000
Undesignated	<u>984,328</u>	<u>927,670</u>
Total net assets without donor restrictions	<u>1,084,328</u>	<u>1,027,670</u>
Net assets with donor restrictions:		
Operation School Bell®	<u>88,146</u>	<u>112,050</u>
Total net assets with donor restrictions	<u>88,146</u>	<u>112,050</u>
Total	<u>\$ 1,172,474</u>	<u>\$ 1,139,720</u>

**NOTE 5 LEASES**

The chapter leases office space under an operating lease that expires on August 31, 2022. Monthly lease payments are \$1,046 for September 1, 2016 through August 31, 2019 and \$1,150 from September 9, 2019 through August 31, 2022. Rental expense for the years ended May 31, 2020 and 2019 was \$12,413 for each year.

Minimum rental payments required under the operating lease as of May 31, 2020, are as follows:

<u>Year Ending May 31,</u>	<u>Rental Payments</u>
2021	\$ 13,800
2022	13,800
2023	3,450

**ASSISTANCE LEAGUE OF INDIANAPOLIS**

**Notes to Financial Statements  
(Continued)**

**NOTE 6 SPECIAL FUNDRAISING EVENTS**

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

2020			
Event	Gross Revenue	Cost of Direct Benefit for Attendees	Net Revenue
Spring Fundraiser	\$ 103,145	\$ -	\$ 103,145
Holiday luncheon	85,876	(14,154)	71,722
Other fundraising	41,096	-	41,096
	<u>\$ 230,117</u>	<u>\$ (14,154)</u>	<u>\$ 215,963</u>
2019			
Event	Gross Revenue	Cost of Direct Benefit for Attendees	Net Revenue
Spring Fundraiser	\$ 116,796	\$ -	\$ 116,796
Holiday luncheon	97,019	(32,247)	64,772
Other fundraising	37,649	-	37,649
	<u>\$ 251,464</u>	<u>\$ (32,247)</u>	<u>\$ 219,217</u>

**NOTE 7 COVID-19 PANDEMIC**

During March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. As a result, the Chapter's normal operations have been disrupted, including a reduced inventory supply at May 31, 2020 due to delivery delays. Interruptions to operations are expected to continue into fiscal year 2021 with a negative impact to funding, including cancellation of fundraising events and a possible reduction of students served. The effects of these interruptions cannot be reasonably estimated at this time.