

Assistance League® of Indianapolis

**Financial Statements
May 31, 2019 and 2018, with
Independent Auditors' Report**

ASSISTANCE LEAGUE® OF INDIANAPOLIS
May 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 2016-14, *Presentation of Financial Statements of Not-for-Profits Entities*, which primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Our opinion is not modified with respect to that matter.

Barnes, Dennig & Co., Ltd.

September 25, 2019
Indianapolis, Indiana

ASSISTANCE LEAGUE® OF INDIANAPOLIS
Statements of Financial Position
May 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 890,424	\$ 893,935
Grants receivable	7,500	-
Inventories	256,820	190,235
Other assets	4,857	2,761
	<u>\$ 1,159,601</u>	<u>\$ 1,086,931</u>
Liabilities and Net Assets		
Liabilities		
Deferred revenue	\$ 18,002	\$ 16,040
Accounts payable	1,879	-
	<u>19,881</u>	<u>16,040</u>
Net assets		
Without donor restrictions	1,097,323	1,027,323
With donor restrictions	42,397	43,568
	<u>1,139,720</u>	<u>1,070,891</u>
Total net assets	<u>1,139,720</u>	<u>1,070,891</u>
Total liabilities and net assets	<u>\$ 1,159,601</u>	<u>\$ 1,086,931</u>

See accompanying notes to financial statements

ASSISTANCE LEAGUE® OF INDIANAPOLIS

**Statement of Activities
Year Ended May 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Special events revenue	\$ 251,464	\$ -	\$ 251,464
Less: cost of direct benefits to attendees	<u>(32,247)</u>	<u>-</u>	<u>(32,247)</u>
Net revenue from special events	219,217	-	219,217
Contributions and grants	178,150	190,006	368,156
Membership	21,611	-	21,611
Other income	2,112	-	2,112
Net assets released from restrictions	<u>191,177</u>	<u>(191,177)</u>	<u>-</u>
Total revenue and other support	<u>612,267</u>	<u>(1,171)</u>	<u>611,096</u>
Expenses			
Program services			
Operation School Bell®	428,713	-	428,713
Assault Survivor Kits®	16,791	-	16,791
Other projects	<u>12,746</u>	<u>-</u>	<u>12,746</u>
Total program services	<u>458,250</u>	<u>-</u>	<u>458,250</u>
Supporting services			
Management and general	13,914	-	13,914
Membership development	12,324	-	12,324
Fundraising	50,817	-	50,817
Special events	<u>6,962</u>	<u>-</u>	<u>6,962</u>
Total supporting services	<u>84,017</u>	<u>-</u>	<u>84,017</u>
Total expenses	<u>542,267</u>	<u>-</u>	<u>542,267</u>
Change in net assets	70,000	(1,171)	68,829
Net assets, beginning of year	<u>1,027,323</u>	<u>43,568</u>	<u>1,070,891</u>
Net assets, end of year	<u>\$ 1,097,323</u>	<u>\$ 42,397</u>	<u>\$ 1,139,720</u>

See accompanying notes to financial statements

ASSISTANCE LEAGUE® OF INDIANAPOLIS
Statement of Activities
Year Ended May 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Special events revenue	\$ 203,405	\$ -	\$ 203,405
Less: cost of direct benefits to attendees	(25,952)	-	(25,952)
Net revenue from special events	177,453	-	177,453
Contributions and grants	97,069	224,006	321,075
Membership	21,368	-	21,368
Other income	887	-	887
Net assets released from restrictions	248,790	(248,790)	-
Total revenue and other support	545,567	(24,784)	520,783
Expenses			
Program services			
Operation School Bell®	455,260	-	455,260
Assault Survivor Kits®	17,262	-	17,262
Other projects	10,853	-	10,853
Total program services	483,375	-	483,375
Supporting services			
Management and general	19,331	-	19,331
Membership development	12,192	-	12,192
Fundraising	22,972	-	22,972
Special events	7,705	-	7,705
Total supporting services	62,200	-	62,200
Total expenses	545,575	-	545,575
Change in net assets	(8)	(24,784)	(24,792)
Net assets, beginning of year	1,027,331	68,352	1,095,683
Net assets, end of year	\$ 1,027,323	\$ 43,568	\$ 1,070,891

See accompanying notes to financial statements

ASSISTANCE LEAGUE® OF INDIANAPOLIS

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

	PROGRAM SERVICES				SUPPORTING SERVICES					Total Expenses
	Operation School Bell®	Assault Survivor Kits®	Other Programs	Total Program Services	Other Fundraising	Special Events	Management and General	Membership Development	Total Supporting Services	
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
Total expenses	428,713	16,791	12,746	458,250	50,817	39,209	13,914	12,324	116,264	574,514
Less direct donor benefit expenses included on statement of activities	-	-	-	-	-	(32,247)	-	-	(32,247)	(32,247)
Total expenses	\$ 428,713	\$ 16,791	\$ 12,746	\$ 458,250	\$ 50,817	\$ 6,962	\$ 13,914	\$ 12,324	\$ 84,017	\$ 542,267

See accompanying notes to financial statements

ASSISTANCE LEAGUE® OF INDIANAPOLIS

**Statement of Functional Expenses
Year Ended May 31, 2018**

	PROGRAM SERVICES			SUPPORTING SERVICES						Total Expenses
	Operation School Bell®	Assault Survivor Kits®	Other Programs	Total Program Services	Other Fundraising	Special Events	Management and General	Membership Development	Total Supporting Services	
Program inventory	\$ 399,918	\$ 12,669	\$ 9,657	\$ 422,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,244
Professional services	-	-	-	-	12,748	-	6,455	608	19,811	19,811
Food and entertainment	-	-	-	-	-	25,952	-	-	25,952	25,952
Other	3,944	203	65	4,212	8,512	6,255	1,885	2,584	19,236	23,448
Repairs and maintenance	10,133	323	244	10,700	213	157	592	-	962	11,662
Rent	10,905	347	262	11,514	229	168	639	-	1,036	12,550
Public relations and advertising	13,279	423	319	14,021	279	205	777	-	1,261	15,282
Insurance	9,168	292	220	9,680	193	142	536	-	871	10,551
National dues	-	-	-	-	-	-	-	9,000	9,000	9,000
National convention and meetings	4,338	2,892	-	7,230	723	723	8,236	-	9,682	16,912
Utilities	3,575	113	86	3,774	75	55	211	-	341	4,115
Total expenses	455,260	17,262	10,853	483,375	22,972	33,657	19,331	12,192	88,152	571,527
Less direct donor benefit expenses included on statement of activities	-	-	-	-	-	(25,952)	-	-	(25,952)	(25,952)
Total expenses	\$ 455,260	\$ 17,262	\$ 10,853	\$ 483,375	\$ 22,972	\$ 7,705	\$ 19,331	\$ 12,192	\$ 62,200	\$ 545,575

See accompanying notes to financial statements

ASSISTANCE LEAGUE® OF INDIANAPOLIS

**Statements of Cash Flows
Years Ended May 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from operating activities		
Change in net assets	\$ 68,829	\$ (24,792)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Changes in:		
Inventories	(66,585)	63,403
Grants receivable	(7,500)	-
Other assets	(2,096)	1,009
Deferred revenue	1,962	(385)
Accounts payable	<u>1,879</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(3,511)</u>	<u>39,235</u>
Net change in cash and cash equivalents	<u>(3,511)</u>	<u>39,235</u>
Cash and cash equivalents, beginning of year	<u>893,935</u>	<u>854,700</u>
Cash and cash equivalents, end of year	<u>\$ 890,424</u>	<u>\$ 893,935</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, 2019, cash equivalents consisted primarily of money market funds and certified of deposits. 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, school supplies, 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

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.

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 without donor restrictions support.

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.

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. In 2019, the Chapter received a 3-year conditional gift of \$45,000, which will be recognized in future years when the service goals are met. In 2016, the Chapter received a 3-year conditional gift of \$45,000, of which \$15,000 was recognized in both 2019 and 2018.

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, 2019, these volunteers donated 24,933 hours with an estimated value of \$642,773. This value was computed using an estimated hourly rate of \$25.78, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2019, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits. For fiscal year May 31, 2018 volunteers donated 25,484 hours valued at \$635,826.

Advertising

Advertising costs are expensed in the period in which they were incurred. Advertising costs totaled \$11,100 and \$15,282 for the year ended May 31, 2019 and 2018, respectively.

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

In 2018, the Chapter adopted Financial Accounting Services Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The update primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Net asset classifications have been reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions). In addition, updated disclosure requirements are presented regarding risk exposure and availability of cash for short-term use and expenses are reported by both natural and functional classification. The Chapter adopted ASU 2016-14 as of June 1, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented except for disclosing information about liquidity and availability of resources, which is permitted to be omitted for any periods presented before the period of adoption.

New Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that the Chapter will reorganize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Chapter expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the Chapter's year ending May 31, 2020.

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 December 31, 2021.

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 (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines 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 requires 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. This standard will be effective for the Chapter's year ending May 31, 2020.

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

Reclassifications

Certain 2018 figures have been reclassified to conform to the 2019 presentation.

Subsequent events

Subsequent events have been evaluated through the September 25, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 2 INVENTORIES

Inventories at May 31 consisted of the following:

	<u>2019</u>	<u>2018</u>
New clothing and other items for use in its Operation School Bell® program	\$ 249,743	\$ 183,743
Assault Survivor Kits®	6,433	4,137
ALI programs inventory	644	2,355
	<u>\$ 256,820</u>	<u>\$ 190,235</u>

ASSISTANCE LEAGUE OF INDIANAPOLIS

**Notes to Financial Statements
(Continued)**

NOTE 3 NET ASSETS

Net assets at May 31 consisted of the following:

	2019	2018
Net assets without donor restrictions:		
Designated for future operating needs	\$ -	\$ 541,631
Designated for building expansion	100,000	100,000
Undesignated	997,323	385,692
Total net assets without donor restrictions	1,097,323	1,027,323
Net assets with donor restrictions:		
Contributions restricted for purpose	36,643	12,685
Foundation grants restricted for various purposes	-	25,174
Operation School Bell®	5,754	5,709
Total net assets with donor restrictions	42,397	43,568
Total	\$ 1,139,720	\$ 1,070,891

NOTE 4 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 \$1,140 from September 9, 2019 through August 31, 2022. Rental expense for the years ended May 31, 2019 and 2018 was \$12,550.

Minimum rental payments required under the operating lease as of May 31, 2019, are as follows:

Year Ending May 31,	Rental Payments
2020	\$ 13,800
2021	13,800
2022	13,800
2023	3,450

ASSISTANCE LEAGUE OF INDIANAPOLIS

**Notes to Financial Statements
(Continued)**

NOTE 5 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, 2019 and 2018, are as follows:

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>
2018			
Event	Gross Revenue	Cost of Direct Benefit for Attendees	Net Revenue
Spring Fundraiser	\$ 77,775	\$ -	\$ 77,775
Holiday luncheon	93,595	(25,952)	67,643
Other fundraising	32,035	-	32,035
	<u>\$ 203,405</u>	<u>\$ (25,952)</u>	<u>\$ 177,453</u>

NOTE 6 LIQUIDITY AND AVAILABILITY

The Chapter's total financial assets are as follows as of December 31, 2018:

Cash	\$ 890,424
Accounts receivable	7,500
Total financial assets available	<u>\$ 897,924</u>

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	\$ 897,924
Less those unavailable for general expenditures, due to:	
With donor restrictions (purpose restrictions)	(42,397)
Net financial assets available	<u>\$ 855,527</u>

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 equivalent, 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 is \$532,942. This amount has been set aside by the Chapter for this purpose.