

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY

REVIEWED FINANCIAL STATEMENTS

APRIL 30, 2017

**FOURR, ALDEN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
44288 LOWTREE AVENUE
LANCASTER, CA 93534**

**ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
APRIL 30, 2017**

TABLE OF CONTENTS

Independent Accountant's Review Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To: Board of Directors
Assistance League of the Antelope Valley
Lancaster, CA

We have reviewed the accompanying financial statements of Assistance League of the Antelope Valley (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

The financial statements of Assistance League of the Antelope Valley as of April 30, 2016, were reviewed by other accountants whose report dated September 20, 2016, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended April 30, 2016, for it to be consistent with the reviewed financial statements from which it has been derived.



Fourr, Alden & Associates, LLP
Lancaster, California

September 14, 2017

Financial Statements

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
STATEMENT OF FINANCIAL POSITION
APRIL 30, 2017
(with comparative totals as of April 30, 2016)

ASSETS

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 303,551	\$ 275,935
Accounts Receivable:		
Rentals	18,000	-
Inventory	-	4,406
Prepaid Expenses and Other Assets	4,174	1,360
Property and Equipment, Net	521,753	552,427
Total Assets	\$ 847,478	\$ 834,128

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 1,237	\$ -
Security Deposits	6,000	-
Total Liabilities	7,237	-
NET ASSETS		
Unrestricted	840,241	834,128
Total Net Assets	840,241	834,128
Total Liabilities and Net Assets	\$ 847,478	\$ 834,128

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017
(with comparative totals for the year ended April 30, 2016)

	<u>Year Ended April 30, 2017 Unrestricted</u>	<u>Year Ended April 30, 2016 Totals</u>
SUPPORT AND REVENUES		
Fundraising:		
Thrift Shop:		
Contributions of Merchandise	\$ -	\$ 82,157
Sales of Donated Merchandise	-	53,402
Value of Merchandise Sold	-	(58,646)
Net Revenue from Thrift Store	<u>-</u>	<u>76,913</u>
Special Events and Activities:		
Revenue	80,168	86,706
Direct Benefits to Attendees	(29,626)	(1,521)
Net Revenue from Special Events	<u>50,542</u>	<u>85,185</u>
Preschool	-	364
Contributions	738	2,859
Membership Dues	4,670	9,531
Other Income	1,039	-
Interest Income	302	507
Rental Income	<u>73,843</u>	<u>48,000</u>
TOTAL SUPPORT AND REVENUES	<u>131,134</u>	<u>223,359</u>
EXPENSES		
Program Services		
Preschool	-	10,722
Operation School Bell	23,499	14,252
Rental	46,082	-
Other Program Expenses	30,988	25,007
Total Program Services Expense	<u>100,569</u>	<u>49,981</u>
Supporting Services		
Fundraising		
Fundraising Events and Activities		
Indirect Costs	19,774	98,952
Management and General	15,172	80,586
Membership Development	7,506	12,072
Total Supporting Services Expenses	<u>42,452</u>	<u>191,610</u>
TOTAL EXPENSES	<u>143,021</u>	<u>241,591</u>
CHANGE IN NET ASSETS	<u>(11,887)</u>	<u>(18,232)</u>
NET ASSETS, BEGINNING OF YEAR	834,128	852,360
PRIOR PERIOD ADJUSTMENT	<u>18,000</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 840,241</u>	<u>\$ 834,128</u>

**ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED APRIL 30, 2017
(with comparative totals for the year ended April 30, 2016)**

	Year Ended April 30, 2017				Year Ended April 30, 2016					
	Program Activities			Supporting Services			Total	Total	Total	
	Operation School Bell	Rental	Other Philanthropic	Total Program Services	Fundraising	Management and General	Membership Development	Supporting Services	Expenses	Expenses
Catering	\$ -	\$ -	\$ 4,167	\$ 4,167	\$ -	\$ -	\$ -	\$ -	\$ 4,167	\$ 8,783
Bank and Merchant Charges	-	-	54	54	116	1,052	-	1,168	1,222	632
Equipment Rental	-	-	-	-	-	-	-	-	-	1,110
Facility Rental	-	-	184	184	-	-	-	-	184	2,500
Décor and Supplies	-	-	3,388	3,388	-	608	-	608	3,996	4,683
Donations	-	-	7,458	7,458	-	-	-	-	7,458	-
Grants and Scholarships	-	-	6,376	6,376	-	-	-	-	6,376	5,000
Office Expense	-	-	-	-	-	2,889	-	2,889	2,889	2,407
Operation School Bell - Gift Cards	16,220	-	-	16,220	-	-	-	-	16,220	25,007
Outside Services	-	-	1,500	1,500	-	-	-	-	1,500	1,735
Thrift Shop Expenses	-	-	-	-	-	-	-	-	-	18,580
Occupancy	3,322	3,322	3,322	9,966	7,752	4,433	-	12,185	22,151	31,786
Depreciation	-	30,674	-	30,674	-	-	-	-	30,674	23,577
Rental Expenses	-	9,961	-	9,961	-	-	-	-	9,961	76,462
National Circle	-	-	-	-	-	-	500	500	500	-
Postage and Printing	-	-	-	-	4,547	147	-	4,694	4,694	4,433
Professional Fees	640	640	320	1,600	-	4,807	-	4,807	6,407	7,967
Advertising and Promotion	2,575	-	3,477	6,052	5,377	-	-	5,377	11,429	8,662
Insurance	742	1,485	742	2,969	1,982	1,236	-	3,218	6,187	7,997
National Assistance League Dues	-	-	-	-	-	-	2,600	2,600	2,600	3,900
National Assistance League Conference and Meetings	-	-	-	-	-	-	4,406	4,406	4,406	6,370
Total Functional Expenses	\$ 23,499	\$ 46,082	\$ 30,988	\$ 100,569	\$ 19,774	\$ 15,172	\$ 7,506	\$ 42,452	\$ 143,021	\$ 241,591

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2017
(with comparative totals for the year ended April 30, 2016)

	2017	2016
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ (11,887)	\$ (18,232)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	30,674	23,577
(Increase) Decrease in:		
Inventories	4,406	5,244
Prepaid Expenses	(2,814)	76
(Decrease) Increase in:		
Accounts Payable and Accrued Liabilities	1,237	-
Security Deposits	6,000	-
	27,616	10,665
Net Cash Provided (Used) by Operating Activities	27,616	10,665
Net Change in Cash and Cash Equivalents	27,616	10,665
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	275,935	265,270
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 303,551	\$ 275,935

Notes to Financial Statements

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

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

- Operation School Bell® provides new clothing and shoes to elementary school students in various local school districts.

B. 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 accountant and, accordingly, reflect all significant receivables, payables and other liabilities.

C. Basis of presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the chapter is required to report information regarding its financial position and activities in three classes of net assets:

Unrestricted net assets are net assets not subject to donor-imposed restrictions of law

Temporarily restricted net assets are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the chapter pursuant to those restrictions or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting periods are recorded as unrestricted.

Permanently restricted net assets are net assets subject to donor-imposed restrictions that the gift cannot be wholly expended on a current basis. Investment returns generated from these funds are available for general support of the chapter's programs and operations unless otherwise stipulated by the donor.

D. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the chapter's financial statements for the year ended April 30, 2016, from which the summarized information was derived.

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Fair Value Measurements

The chapter follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

For purposes of financial reporting, the chapter has determined that the fair values of its financial instruments, which include cash equivalents, accounts receivable and accounts payable, approximate the carrying values at April 30, 2017, based on their short maturities and/or the terms available to the chapter in financial markets.

F. Promises to give

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value. If they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. Inventory

The chapter maintained an inventory of used clothing and household items donated by chapter members and others for resale by a thrift shop operated by the chapter, which was stated at its estimated fair value in prior years. However, as of the end of the last fiscal year, the thrift store had been closed. All remaining inventory was donated to other organizations during the current fiscal year.

H. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the chapter to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At April 30, 2017, the chapter had no uninsured balances at these institutions. The chapter has not experienced any losses on its cash or cash equivalents.

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation in the cash of donated assets. The chapter’s policy is to capitalize items over \$400. 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	10 – 45 years
Furniture and Fixtures	5 – 10 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.

J. 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.

K. Donated Materials and Services

A significant portion of the Chapter’s functions and programs are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended April 30, 2017, these volunteers donated approximately 2,517 hours with an estimated value of \$58,923. This value was computed using an estimated hourly rate of \$20.91, based upon the average hourly earnings of nonagricultural workers for the time period of April 30, 2016 to April 30, 2017, as determined by the U.S. Department of Labor’s Bureau of Labor Statistics, plus 12% estimated fringe benefits.

L. 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.

M. Donated material, Services, and Free Use of Facilities

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

**ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Tax Status

The chapter is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The chapter is also exempt from state income taxes under Section 23701d of the Revenue and Taxation Code of the State of California.

The chapter has applied the provisions of the FASB's ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of April 30, 2017, the chapter had no substantial uncertain income tax positions.

O. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Expense Allocation

The costs of providing 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.

NOTE 2 – CASH

Cash consisted of the following:

	2017	2016
Cash On Hand	\$ 60	\$ 460
Checking Accounts:		
California Bank & Trust	97,254	62,055
Wells Fargo	8,553	1,635
Total Checking Accounts	105,807	63,690
Savings Accounts:		
California Bank & Trust	100,786	114,960
Citizen's Business Bank	70,596	70,368
I. Huiatt CD	26,302	26,457
Total Savings Accounts	\$ 197,684	\$ 211,785
Total Cash and Cash Equivalents	303,551	275,935

As of April 30, 2017, no amounts were in excess of FDIC limits.

ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment is presented below:

	<u>April 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>April 30, 2017</u>
Land	\$ 84,099	\$ -	\$ -	\$ 84,099
Buildings and Improvements	882,072	-	(10,243)	871,829
Equipment	80,155	-	(80,155)	-
Other	3,445	-	(3,445)	-
Totals	1,049,771	-	-	955,928
Accumulated Depreciation	(497,344)	(30,674)	93,843	(434,175)
Net Property and Equipment	<u>\$ 552,427</u>	<u>\$ (30,674)</u>	<u>\$ -</u>	<u>\$ 521,753</u>

NOTE 4 – OPERATING LEASES – AS LESSEE

The chapter leases office space at 42544 10th St. West, Suite B, Lancaster, CA 93534 under an operating lease that expires in 2020. The monthly rental payments were \$1,254 per month and the rental expense under the lease in the current year was \$15,048. Minimum future rental payments due under the lease at April 30, 2017 are summarized as follows:

<u>Year Ended, April 30:</u>	<u>Future Minimum Lease Payments</u>
2018	15,492
Total	\$ 15,492

NOTE 5 – OPERATING LEASES – AS LESSOR

The chapter leases the location of 808 West Newgrove Street, Lancaster, CA 93534 to a third party under an operating lease that expires in 2020. The monthly rental payment is \$6,000 per month and the rental income under the lease in the current year was \$72,000. Minimum future rental payments due under the lease at April 30, 2017 are summarized as follows:

<u>Year Ended, April 30:</u>	<u>Future Minimum Lease Payments</u>
2018	72,000
2019	72,000
2020	72,000
Total	\$ 216,000

Rent receivable from this lease at April 30, 2017 was \$18,000. The Chapter believes that this amount is collectible.

**ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 6 – NET ASSETS

At April 30, 2017, net assets were restricted by donors or designated by the chapter as follows:

	April 30, 2016
Unrestricted net assets	
Designated reserve for one year's operating expenses	\$ 67,443
Unrestricted net assets	772,798
Total Unrestricted Net Assets	840,241
Total Net Assets	\$ 840,241

NOTE 7 – FUNDRAISING EVENTS AND ACTIVITIES

The chapter conducts various fundraising events and activities to help fund current operations. The revenue and related expenses from such events and activities for the year ending April 30, 2017 are as follows:

Event/Activity	Revenue	Cost of Merchandise Sold	Cost of Direct Benefits to Attendees	Other Costs	Net Revenue
Designer Showcase	\$ 31,700	\$ -	\$ 13,081	\$ 3,089	\$ 15,530
Golf Tournament	48,468		16,545	1,801	30,122
Total Functional Expenses	\$ 80,168	\$ -	\$ 29,626	\$ 4,890	\$ 45,652

NOTE 8 – PRIOR PERIOD ADJUSTMENT

During the course of the Chapter's annual reviewed financial statements engagement, the Chapter was made aware that three months of rent from prior years were unpaid. The total of the delinquent rent was \$18,000. The Chapter believes that this amount is collectible.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 14, 2017, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.