

ASSISTANCE LEAGUE OF DOWNEY
FINANCIAL STATEMENTS

MAY 31, 2023

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Assistance League of Downey

We have reviewed the accompanying financial statements of Assistance League of Downey (a nonprofit organization), which comprise the statement of financial position as of May 31, 2023, 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 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 financial statements that are free from material misstatement whether due to fraud or error.

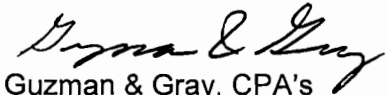
Accountants' Responsibility

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 AICPA. 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.

We are required to be independent of Assistance League of Downey and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' 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.



Guzman & Gray, CPA's
Long Beach, CA
August 22, 2023

ASSISTANCE LEAGUE OF DOWNEY
STATEMENT OF FINANCIAL POSITION
MAY 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 384,470
Inventory	78,987
Prepaid expenses	<u>3,942</u>
	467,399

PROPERTY AND EQUIPMENT, NET	<u>946,095</u>
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TOTAL ASSETS	<u><u>\$ 1,413,494</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 3,403
Deferred dues	<u>9,570</u>

TOTAL LIABILITIES	<u>12,973</u>
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NET ASSETS

Without donor restrictions	<u>1,400,521</u>
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TOTAL NET ASSETS	<u>1,400,521</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,413,494</u></u>
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See independent accountants' review report and notes to the financial statements.

ASSISTANCE LEAGUE OF DOWNEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2023

	Without Donor Restrictions
REVENUE AND SUPPORT	
Fundraising	
Thrift shop revenue	
Contributions of merchandise	\$ 170,359
Sales of contributed merchandise	181,371
Less value of merchandise sold	(181,371)
Thrift shop revenue, net	170,359
Special events	
Contributions	58,207
Less cost of direct benefits to donors	(32,996)
Special events, net	25,211
Program services revenue	23,021
Contributions	1,301
Membership	24,756
Event rental	71,279
Other	2,200
Interest income	867
TOTAL REVENUE AND SUPPORT	318,994
EXPENSES	
Program services	
H.O.M.E.	72,617
Dental	13,295
Operation School Bell	27,645
Christmas Distribution	13,569
Others	37,637
Total Program services	164,763
Support services	
Thrift Shop	116,721
Management and general	26,601
Membership development	9,720
Total Support services	153,042
TOTAL EXPENSES	317,805
CHANGE IN NET ASSETS	1,189
BEGINNING NET ASSETS, AS PREVIOUSLY REPORTED	1,379,631
PRIOR PERIOD ADJUSTMENT	19,701
BEGINNING NET ASSETS, AS RESTATED	1,399,332
ENDING NET ASSETS	\$ 1,400,521

See independent accountants' review report and notes to the financial statements.

**ASSISTANCE LEAGUE OF DOWNEY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2023**

	Program Services					Support Services						Total
	H.O.M.E.	Dental	Operation School Bell	Christmas Distribution	Others	Total Program Services	Thrift Shop	Special Events	Management and General	Membership Development	Total Support Services	
Salaries and benefits	\$ 7,524					\$ 7,524	\$ 39,943		\$ 1,628		\$ 41,571	\$ 49,095
Depreciation	21,382				\$ 8,054	29,436	3,690				3,690	33,126
Donations		\$ 12,000		\$ 1,953		13,953	31,209				31,209	45,162
Food and entertainment						-		\$ 30,474			30,474	30,474
Miscellaneous	1,165				190	1,355	2,946	741	4,786	\$ 1,569	10,052	11,407
National dues						-				6,640	6,640	6,640
National conference and meetings						-				1,083	1,083	1,083
Occupancy												
Insurance	7,214					7,214	9,224		5,814		15,038	22,252
Property taxes	288					288	3,237		2,220		5,457	5,745
Repairs and maintenance	15,196					15,196	7,555		11,056		18,611	33,807
Security	1,635					1,635			5,176		5,176	6,811
Utilities	6,419					6,419	9,991		18,722		28,713	35,132
Allocation	6,427	1,295	12,349	11,616	1,393	33,080	3,979		(37,059)		(33,080)	-
Postage and printing						-		141	125		266	266
Professional services						-	3,389		10,364	428	14,181	14,181
Public relations/advertising						-					-	-
Scholarships					28,000	28,000					-	28,000
Supplies	1,274		15,296			16,570		1,640	2,034		3,674	20,244
Telephone/internet	4,093					4,093	1,558		1,725		3,283	7,376
Value of merchandise sold						-	181,371				181,371	181,371
	72,617	13,295	27,645	13,569	37,637	164,763	298,092	32,996	26,601	9,720	367,409	532,172
Less expenses included with revenues on the statement of activities												
Cost of direct benefits to donors								(32,996)			(32,996)	(32,996)
Value of merchandise sold							(181,371)				(181,371)	(181,371)
Total expenses included in expense section on the statement of activities	\$ 72,617	\$ 13,295	\$ 27,645	\$ 13,569	\$ 37,637	\$ 164,763	\$ 116,721	\$ -	\$ 26,601	\$ 9,720	\$ 153,042	\$ 317,805

See independent accountants' review report and notes to the financial statements.

ASSISTANCE LEAGUE OF DOWNEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,189
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	33,126
(Increase) decrease in assets:	
Inventory	11,013
Prepaid expenses	1,500
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(11,525)
Deferred dues	(1,318)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>33,985</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,985
BEGINNING CASH AND CASH EQUIVALENTS	<u>350,485</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 384,470</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>	
INTEREST PAID	<u>NONE</u>
TAXES PAID	<u>NONE</u>

See independent accountants' review report and notes to the financial statements.

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 1 - ORGANIZATION

Assistance League of Downey is a nonprofit corporation and is a chartered chapter of National Assistance League. The accompanying financial statements include the activities of Assistance League of Downey and its auxiliary Assisteens® (collectively, the Chapter). The Chapter provides the following programs:

H.O.M.E. – Housing of Medical Emergencies project is a service provided to the families of patients undergoing rehabilitation at Rancho Los Amigos Medical Center. A ten-unit facility adjacent to the Medical Center is owned, operated and maintained by Assistance League of Downey and houses family members or out-patients coming from outside the area enabling them to participate in the rehabilitation program.

Dental Program – Provides low-cost dental care to children in grades K-12 in the Downey Unified School District following an annual elementary school screening by the Downey Dental Academy and/or referral by the school nurse. These are children who do not qualify for MediCal nor are they covered by private insurance.

Operation School Bell – Provides school clothing, a voucher for shoes, a grooming kit and a backpack to needy students from the Downey Unified School District who have been referred by their principals or the school nurse.

Christmas Distribution – Distribution of new gifts to agencies providing help to the needy.

Hug-A-Bear – A program for providing teddy bears to local police and firefighters for distribution following traumatic situations involving children.

Scholarship – The student Volunteer Scholarship Program is a philanthropic project that shall provide selected graduating seniors at Downey Unified School District high schools with \$1,000 scholarships.

The Chapter's revenue and support come primarily from contributions, program service revenue and other fundraising efforts including special events and operation of a thrift shop.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Chapter have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

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:

Without Donor Restrictions – Those resources are available to support operations and not subject to donor-imposed restrictions. The governing board has discretionary control over those resources. Designated amounts represent those net assets that the governing board has set aside for a particular purpose.

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

With Donor Restrictions - Those resources are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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.

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.

Inventories

The Chapter maintains 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 is stated at its estimated fair value.

Property and Equipment

The Chapter capitalizes furniture and equipment over \$1,000. Lesser amounts are expensed. Purchased furniture and equipment is capitalized at cost. Donations of furniture and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Chapter reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Chapter reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. 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 35 years
Furniture and equipment	3 to 10 years

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts payable, and accrued expenses, approximate fair value due to their short-term nature.

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 and 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.

Revenue Recognition

The Chapter applies the five-step model to contracts when it is probable that the Chapter will collect the consideration it is entitled to. To determine revenue recognition for arrangements within the scope of ASC Topic 606, Revenue from Contracts with Customers, the Chapter performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Chapter satisfies a performance obligation. The Chapter then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

A summary of significant revenue recognition policies is as follows:

Thrift Shop Revenue

Revenues from thrift shop sales are recognized at the point of sale.

Special Events

Special events are organized to raise contributions to support the Chapter's activities. The participants of these events are offered something of value for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the donor and the fair value of the benefit received by the donor is considered a contribution. The items of value given to the donor are referred to as "cost of direct benefits to donors." These are the actual costs of the items and services furnished to the donor to attend the special event. The cost of direct benefit to donors is presented as a line item deducted from gross special events revenue in the accompanying statement of activities.

Program Services Revenue

Revenues from program services are recognized in the period to which they pertain. Amounts received in advance of the period earned are deferred.

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (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 increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions.

Membership

Dues from membership are recognized as revenue for the period to which they pertain. Amounts received in advance of the period earned are deferred.

Event Rental

Revenues from event rental are recognized in the period the event occurred.

Donated Materials and Services

Significant materials and services are donated to the Chapter by various individuals, corporations and other Chapters, and are reflected in the accompanying financial statements at their fair values at the date of donation.

In addition, 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. For the year ended May 31, 2023, these volunteers donated approximately 12,957 hours with an estimated value of \$412,033. The estimated value of these donated services was computed using an hourly rate of \$31.80. The hourly rate used is based on data provided by the Independent Sector, which is a coalition of nonprofits, foundations and corporate giving programs.

Tax Status

The Chapter is exempt from federal income taxes under Section (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 2370 (d) of the Revenue and Taxation Code of the State of California.

The Chapter evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. At May 31, 2023, management does not believe the Chapter has any uncertain tax positions requiring accrual or disclosure. The Chapter is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of program and support services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributable to more than one activity or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation and amortization are allocated on a square footage basis. Salaries and benefits are allocated based on estimates of time of effort. Operating expenses directly identified with a functional area are charged to that area.

Recently Adopted Accounting Pronouncement

Effective January 1, 2022, the Chapter adopted FASB ASC 842, Leases. The Chapter determines if an arrangement contains a lease at inception based on whether the Chapter has the right to control the asset during the contract period and other facts and circumstances. The Chapter elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Chapter to carry forward the historical lease classification. The adoption of FASB ASC 842 did not have a material impact on the Chapter's financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2023 consist of the following:

Checking accounts:	
US Bank	\$ 78,110
Farmers and Merchants Bank	12,483
	<u>90,593</u>
Savings accounts:	
Farmers and Merchants Bank	121,926
First Citizens Bank	102,703
Downey Federal Credit Union	69,237
Chapter Savings Bank	11
	<u>293,877</u>
Total cash and cash equivalents	<u>\$ 384,470</u>

NOTE 4 - INVENTORY

Inventory totaling \$78,987 at May 31, 2023 consists of use clothing and household items held for sale at the Chapter's thrift shop.

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at May 31, 2023 consist of the following:

Land	\$ 603,348
Buildings and improvement	1,633,194
Furniture and equipment	69,963
	<u>2,306,505</u>
Less: Accumulated depreciation	(1,360,410)
Total property and equipment, net	<u>\$ 946,095</u>

Depreciation expense for the year ended May 31, 2023 totaled \$33,126.

NOTE 6 - NET ASSETS

Net assets at May 31, 2023 consist of the following:

Board-designated:

H.O.M.E.	\$ 49,000
Operation School Bell	37,000
Scholarships	16,000
Christmas Distribution	12,000
	<u>114,000</u>

Undesignated	1,286,521
Total net assets without donor restrictions	<u>1,400,521</u>

NOTE 7 - DONATED MATERIALS

During the year ended May 31, 2023, the Chapter received contributions of merchandise for its Thrift Shop totaling \$170,359.

NOTE 8 - SPECIAL EVENTS

Special events revenues and expenses are directly related to fundraising and consist of the following for the year ended May 31, 2023:

	Contributions	Cost of Direct Benefits to Donors	Net Revenue
Celebrate the Season	\$ 19,388	\$ (3,311)	\$ 16,077
Assisteens® Auxiliary - Tea and Senior Presentation	6,716	(23,077)	(16,361)
Ring the Bell Campaign	16,258		16,258
Casino Night	15,845	(6,608)	9,237
Total special events, net	<u>\$ 58,207</u>	<u>\$ (32,996)</u>	<u>\$ 25,211</u>

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 9 – PRIOR PERIOD ADJUSTMENT

Net assets at the beginning of the fiscal year have been adjusted to correct the accrued liabilities and deferred dues resulting in a cumulative effect of an increase in net assets by \$19,701.

NOTE 10 - LEASES

The Chapter has a 66-year ground lease with the County of Los Angeles. The annual rent is \$1. The lease is for the period January 29, 1991, to January 29, 2057. The Chapter is responsible for the operational cost of the facility located on the land including managerial duties, maintenance, repairs, furniture, and fixtures, etc., throughout the duration of the lease.

NOTE 11 - CONCENTRATIONS

For the year ended May 31, 2023, revenue from thrift shop sales accounted for approximately 56% of total revenue and support.

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. Cash and cash equivalents maintained at Downey Federal Credit Union are insured by the National Credit Union administration up to \$250,000 and with an additional \$250,000 of insurance provided by American Share Insurance for a total of \$500,000. At May 31, 2023, the Chapter had no uninsured balances at these institutions. The Chapter has not experienced any losses on its cash or cash equivalents.

NOTE 12 - LIQUIDITY AND AVAILABILITY

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 date, comprise of the following:

Cash and cash equivalents	\$ 384,470
Less: Board designations	
H.O.M.E.	(49,000)
Operation School Bell	(37,000)
Scholarships	(16,000)
Christmas Distribution	(12,000)
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 270,470</u>

The Chapter maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due.

In addition to financial assets available to meet general expenditures over the next 12 months, the Chapter operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

ASSISTANCE LEAGUE OF DOWNEY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 13 - SUBSEQUENT EVENTS

The Chapter has evaluated subsequent events through August 22, 2023 which represents the date the financial statements were available to be issued. The Chapter has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.