

**ASSISTANCE LEAGUE
OF SAN LUIS OBISPO COUNTY**

**REVIEWED
FINANCIAL STATEMENTS**

For the Year Ended
May 31, 2012

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND
REVIEWED FINANCIAL STATEMENTS
For the Year Ended May 31, 2012

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CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

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Independent Accountant's Review Report

Board of Directors
Assistance League of San Luis Obispo County
San Luis Obispo, California

I have reviewed the accompanying statements of financial position of Assistance League of San Luis Obispo County as of May 31, 2012 and 2011, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended. 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, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for our report.

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



CROSBY COMPANY
Certified Public Accountant

July 2, 2012

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

STATEMENTS OF FINANCIAL POSITION

May 31, 2012

(With comparative totals for May 31, 2011)

ASSETS

Current assets:

Cash and cash equivalents (Notes 1 and 2)
 Accounts receivable
 Prepaid expenses
 Inventories (Note 3)
 Total current assets

Property and equipment:

Property and equipment net of accumulated depreciation
 of \$6,642 for May 31, 2012 and \$5,384 for May, 31, 2011,
 respectively (Notes 1 and 4).

Total assets

	<u>2012</u>	<u>2011</u>
	\$ 218,892	\$ 229,116
	870	5,000
	18,783	9,433
	28,221	18,940
	266,766	262,489
	3,819	4,326
	\$ 270,585	\$ 266,815

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable
 Deferred dues revenue
 Total current liabilities

Net assets (Note 6):

Unrestricted
 Temporarily restricted

Total net assets

Total liabilities and net assets

	\$ 3,305	\$ 2,115
	4,580	3,575
	7,885	5,690
	256,468	253,981
	6,232	7,144
	262,700	261,125
	\$ 270,585	\$ 266,815

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

STATEMENTS OF ACTIVITIES

For The Year Ended May 31, 2012

(With comparative totals for May 31, 2011)

	Year Ended May 31, 2012			2011 Totals
	Unrestricted	Temporarily Restricted	Total	
Support and revenues:				
Fundraising				
Special events revenue (Note 7)	\$ 117,925	\$ -	\$ 117,925	\$ 107,932
Less: Direct costs	(36,914)		(36,914)	(37,515)
Net revenue from special events	81,011		81,011	70,417
Contributions	45,032		45,032	54,349
Grants	25,600		25,600	32,595
Membership - net of expenses of \$2,402 for May 31, 2012 and \$3,695 for May 31, 2011, respectively.	6,119		6,119	6,302
Investment return - net of fees of \$-0- for May 31, 2012 and \$180 for May 31, 2011, respectively.	1,298	59	1,357	830
Net assets released from restrictions:				
Satisfaction of purpose restrictions	971	(971)		
Total support and revenues	160,031	(912)	159,119	164,493
Expenses:				
Program services:				
Operation School Bell	124,364		124,364	80,806
Operation Bookshelf	312		312	7,445
Total program services expenses	124,676	-	124,676	88,251
Supporting services:				
Fundraising				
Other special events costs (Note 7)	10,423		10,423	2,065
Management and general	17,910		17,910	11,694
Membership development	4,535		4,535	7,021
Total supporting services expenses	32,868	-	32,868	20,780
Total expenses	157,544	-	157,544	109,031
Change in net assets	2,487	(912)	1,575	55,462
Net assets at beginning of year	253,981	7,144	261,125	205,663
Net assets at end of year	\$ 256,468	\$ 6,232	\$ 262,700	\$ 261,125

See accompanying notes and accountant's report

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

STATEMENTS OF CASH FLOWS

For The Year Ended May 31, 2012

(With comparative totals for May 31, 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 1,575	\$ 55,462
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,258	760
Net realized and unrealized losses on investments		455
(Increase) decrease in accounts receivable	4,130	(5,000)
Increase in prepaids	(9,350)	(4,851)
Increase in inventories	(9,281)	(10,503)
Increase in accounts payable	1,190	1,271
Increase (decrease) in deferred dues	1,005	(115)
Net cash provided (used) by operating activities	(9,473)	37,479
Cash flows from investing activities:		
Purchase of equipment	(751)	(4,532)
Proceeds from sale of investments		24,673
Net cash provided (used) by investing activities	(751)	20,141
Net change in cash and cash equivalents	(10,224)	57,620
Cash and cash equivalents at beginning of year	229,116	171,496
Cash and cash equivalents at end of year	\$ 218,892	\$ 229,116

Supplemental disclosures:

There was no cash paid for interest or income taxes for the year ended May 31, 2012 and May 31, 2011.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For The Year Ended May 31, 2012

(With comparative totals for May 31, 2011)

	Program Services			Supporting Services				Year Ended May 31, 2012 Total Expenses	Year Ended May 31, 2011 Total Expenses
	Operation School Bell	Operation Bookshelf	Total Program Service	Fundraising	Management & General	Membership Development	Total Supporting Services		
Program supplies	\$ 92,894	\$ 312	\$ 93,206	\$ 47,337	\$ -	\$ -	\$ 47,337	\$ 140,543	\$ 100,998
Occupancy:									
Rent	27,177		27,177				-	27,177	2,338
Insurance	2,034		2,034		678		678	2,712	2,109
Depreciation	1,258		1,258					1,258	760
Professional services					5,100		5,100	5,100	5,080
Public relations & advertising					2,578		2,578	2,578	2,386
Office supplies					3,569	965	4,534	4,534	4,799
National dues			1,001		5,985	3,570	3,570	3,570	3,538
National conference and meetings							5,985	6,986	6,995
Food and entertainment									17,543
Total expenses	124,364	312	124,676	47,337	17,910	4,535	69,782	194,458	146,546
Less expenses included with revenue on statement of activities				(36,914)			(36,914)	(36,914)	(37,515)
Total expenses per statement of activities	\$ 124,364	\$ 312	\$ 124,676	\$ 10,423	\$ 17,910	\$ 4,535	\$ 32,868	\$ 157,544	\$ 109,031

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
May 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Assistance League of San Luis Obispo County is a nonprofit corporation and is a chartered chapter of National Assistance League. The chapter provides the following program:

- Operation School Bell provides new clothing and shoes to elementary school students in the San Luis Obispo County.
- Operation Bookshelf provides a new grade appropriate book for grades kindergarten through sixth school students in the San Luis Obispo County.

The chapter's support and revenues come primarily from contributions and other fundraising efforts including special events.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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, temporarily restricted net assets, and permanently restricted net assets.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the chapter's financial statements for the year ended May 31, 2011, from which the summarized information was derived.

Cash and Cash Equivalents

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

Accounts Receivable

Management has determined that an allowance for doubtful accounts receivable would be zero based on the organization's credit policies, prior collection experience, and the type of customers associated with Assistance League of San Luis Obispo County.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
May 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

The chapter maintains an inventory of new clothing, books and shoes for use in its Operation School Bell and Bookshelf programs which is stated at the lower of cost or market determined by the first-in, first-out method.

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.

Investments

The chapter has carried investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Restricted gains and investment income whose restrictions are met in the same period the gains or income are recognized are reported as unrestricted revenue.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the chapter to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to the \$250,000 (until December 31, 2013). At May 31, 2012, the chapter had no uninsured balances in these institutions. The chapter has not experienced any losses on its cash or cash equivalents. The chapter's investments do not represent significant concentrations of market risk inasmuch as the chapter's investment portfolio is adequately diversified among issuers.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
May 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost or at fair value at the date of donation in the case of donated assets. The chapter provides for depreciation of property and equipment by use of the straight-line method over the estimated useful lives as follows:

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

Contributions of long-lived assets, or of cash or other assets that must be used to acquire long-lived assets, are reported as increases in temporarily restricted net assets. Restrictions are considered met, and an appropriate amount reclassified to unrestricted net assets, over the useful life of the long-lived assets as determined by the chapter's depreciation policy.

Deferred Revenue

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

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 or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated Materials, Services and Free Use of Facilities

Significant materials, services and free use of facilities are donated to the chapter by various individuals, corporations and other organizations, 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. During the year ended May 31, 2012, these volunteers donated approximately 14,105 hours with an estimated value of \$309,464. This value was computed using an estimated hourly rate of \$21.94, based upon the average hourly earnings of nonagricultural workers for fiscal year ending May 31, 2012, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2012

NOTE 1: 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 Section 23701d of the Revenue and Taxation Code of the State of California.

Use of Estimates

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the 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 AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2012 consisted of the following accounts:

Checking accounts:	
Founders Community	\$ 58,080
Total checking accounts	58,080
Savings accounts:	
Founders Community – savings	115,482
Founders Community – certificate of deposit	39,098
Founders Community – Memorial Fund	6,232
Total savings accounts	160,812
Total cash and cash equivalents	\$ 218,892

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2012

NOTE 3: INVENTORIES

Inventories at May 31, 2012 consist of the following:

New clothing, books and shoes for use in the Operation School Bell and Bookshelf Programs	\$ <u>28,221</u>
Total inventories	\$ <u><u>28,221</u></u>

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at May 31, 2012:

Furniture	\$ 4,532
Computer/printer	3,281
Carpet	1,500
Display signs	<u>1,148</u>
Subtotals	10,461
Less accumulated depreciation	<u>(6,642)</u>
Total property and equipment, net	\$ <u><u>3,819</u></u>

NOTE 5: LEASES

The chapter leases space under an operating lease which expires June 30, 2013 with the San Luis Coastal Unified School District for \$1, for the entire 3 year lease term. The chapter has a Permit for Use of School Property with the Atascadero Unified School District, which expires May 31, 2013, for no fee.

NOTE 6: NET ASSETS

At May 31, 2012, net assets were restricted by donors or designated by the chapter as follows:

Unrestricted net assets:	
Designated reserve for one year's operating expenses	\$ 178,410
Undesignated	<u>78,058</u>
Total unrestricted net assets	<u>256,468</u>
Temporarily restricted for:	
Building fund	<u>6,232</u>
Total temporarily restricted net assets	<u>6,232</u>
Total net assets	\$ <u><u>262,700</u></u>

See Accountant's report

ASSISTANCE LEAGUE OF SAN LUIS OBISPO COUNTY
NOTES TO FINANCIAL STATEMENTS
 May 31, 2012

NOTE 7: SPECIAL EVENTS

The chapter has various fundraising events to help fund current operations. The revenue and related expenses from such events for the year ending May 31, 2012 are as follows:

<u>Event</u>	<u>Revenue</u>	<u>Cost of Direct Benefits to Attendees</u>	<u>Other Event Costs</u>	<u>Net Revenue</u>
Fiesta	\$ 81,640	\$ 30,775	\$ 5,722	\$ 45,143
Fashion Show	18,665	6,139	2,353	10,173
Warm Your Heart	17,570		1,586	15,984
Other	<u>50</u>			<u>50</u>
Total special events	\$ <u>117,925</u>	\$ <u>36,914</u>	\$ <u>9,661</u>	\$ <u>71,350</u>

NOTE 8: NONCASH CONTRIBUTIONS

During the year ended May 31, 2012, the chapter received noncash contributions of materials, services, and free use of facilities that have been reflected in the financial statements of the chapter as follows:

Free use of facilities	\$ 25,920
Operating supplies	<u>14,331</u>
Total noncash donations	\$ <u>40,251</u>