

ASSISTANCE LEAGUE[®] OF LOS ALTOS
(A California Non-profit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT REVIEWER'S REPORT

May 31, 2020
(with comparative totals for 2019)

CONTENTS

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT ACCOUNTANT'S REVIEW REPORT | 3-4 |
| FINANCIAL STATEMENTS | |
| STATEMENT OF FINANCIAL POSITION | 5 |
| STATEMENT OF ACTIVITIES | 6 |
| STATEMENT OF FUNCTIONAL EXPENSES | 7 |
| STATEMENT OF CASH FLOWS | 8 |
| NOTES TO FINANCIAL STATEMENTS | 9 |



Boman Accounting Group, Inc.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Assistance League of Los Altos
(A California Non-profit Public Benefit Corporation)
Los Altos, California

We have reviewed the accompanying financial statements of the Assistance League of Los Altos (a California nonprofit public benefit corporation) which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, cash flows, and functional expenses 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 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 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.

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 conformity with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The prior year summarized information has been derived from the Organization's 2019 financial statements, and in our report dated September 8, 2019, we stated that we were not aware of any material modifications that should be made to the 2019 financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.

Boman Accounting Group, Inc

Boman Accounting Group, Inc.
Campbell, California
September 2, 2020

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION

May 31, 2020
(with Comparative Totals as of May 31, 2019)

| | <u>2020</u> <u>Total</u> | <u>2019</u> <u>Total</u> |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash and equivalents (Note B) | \$ 394,632 | \$ 534,205 |
| Certificates of deposit (Note C) | 910,856 | 848,340 |
| Prepaid expenses | 5,461 | 3,283 |
| Property and equipment, net (Note D) | <u>55,096</u> | <u>55,096</u> |
| TOTAL ASSETS | \$ <u>1,366,045</u> | \$ <u>1,440,924</u> |
| LIABILITIES | | |
| Accounts payable | \$ 16,626 | \$ - |
| Deferred dues revenue (Note A13) | <u>1,435</u> | <u>1,830</u> |
| TOTAL LIABILITIES | <u>18,061</u> | <u>1,830</u> |
| NET ASSETS (Note E) | | |
| Without donor restrictions | | |
| Undesignated | 1,197,984 | 1,289,094 |
| Designated | <u>150,000</u> | <u>150,000</u> |
| Total net assets without donor restrictions | <u>1,347,984</u> | <u>1,439,094</u> |
| With donor restrictions | <u>-</u> | <u>-</u> |
| TOTAL NET ASSETS | <u>1,347,984</u> | <u>1,439,094</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>1,366,045</u> | \$ <u>1,440,924</u> |

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2020
(with Comparative Totals for the Year Ended May 31, 2019)

| | Year Ended May 31, 2020 | | | 2019 Total |
|--|----------------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| REVENUES, GAINS AND OTHER SUPPORT: | | | | |
| Fundraising: | | | | |
| Costume Bank Revenue: | | | | |
| Rentals | \$ - | \$ - | \$ - | \$ 7,084 |
| Sales | - | - | - | 9,191 |
| Other | - | - | - | - |
| Liquidation (Note I) | - | - | - | 106,577 |
| Less: Cost of merchandise sold | - | - | - | (8,310) |
| Net revenue from special events | - | - | - | 114,542 |
| Program service revenue: HOME (Note I) | - | - | - | 3,373 |
| Donations | 12,314 | - | 12,314 | 27,785 |
| Non-cash contributions (Note F) | 2,455 | - | 2,455 | 3,595 |
| Membership | 3,185 | - | 3,185 | 4,480 |
| Investment income (Note C) | 37,655 | - | 37,655 | 27,166 |
| Net assets released from restriction | - | - | - | - |
| TOTAL SUPPORT AND REVENUES | <u>55,609</u> | <u>-</u> | <u>55,609</u> | <u>180,941</u> |
| EXPENSES | | | | |
| Program Services | | | | |
| HOME | - | - | - | 75,436 |
| Operation School Bell ® | 110,666 | - | 110,666 | 46,084 |
| Community needs | 22,212 | - | 22,212 | 22,439 |
| Total program service expenses | <u>132,878</u> | <u>-</u> | <u>132,878</u> | <u>143,959</u> |
| Supporting Services | | | | |
| Fundraising - Costume Bank | - | - | - | 38,124 |
| Management and general | 9,433 | - | 9,433 | 8,239 |
| Membership development | 4,408 | - | 4,408 | 2,042 |
| Total supporting services expenses | <u>13,841</u> | <u>-</u> | <u>13,841</u> | <u>48,405</u> |
| TOTAL EXPENSES | <u>146,719</u> | <u>-</u> | <u>146,719</u> | <u>192,364</u> |
| CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES | <u>(91,110)</u> | <u>-</u> | <u>(91,110)</u> | <u>(11,423)</u> |
| NONOPERATING ACTIVITIES | | | | |
| Lease termination - HOME Program (Note I) | - | - | - | (435,948) |
| CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>(435,948)</u> |
| CHANGE IN NET ASSETS | (91,110) | - | (91,110) | (447,371) |
| NET ASSETS AT BEGINNING OF YEAR | <u>1,439,094</u> | <u>-</u> | <u>1,439,094</u> | <u>1,886,465</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 1,347,984</u> | <u>\$ -</u> | <u>\$ 1,347,984</u> | <u>\$ 1,439,094</u> |

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2020
(with Comparative Totals for the Year Ended May 31, 2019)

| | Program Services | | | Supporting Services | | | 2020 Total Expenses | 2019 Total Expenses |
|---|--------------------------|--------------------|------------------|-------------------------|---------------------------|---------------------|---------------------------|---------------------------|
| | Operation School Bell | Community Needs | Total Program | Management & General | Membership Development | Total Supporting | | |
| Advertising and public relations | \$ 1,068 | \$ 182 | \$ 1,250 | \$ - | \$ - | \$ - | \$ 1,250 | \$ 16,483 |
| Bank charges | 631 | 108 | 739 | - | - | - | 739 | 4,003 |
| Costumes and material | - | - | - | - | - | - | - | 8,310 |
| Donations | - | - | - | 1,175 | - | 1,175 | 1,175 | - |
| Hospitality | - | - | - | - | - | - | - | 580 |
| Labor costs | - | - | - | - | - | - | - | 48,061 |
| Membership support | - | 34 | 34 | - | 189 | 189 | 223 | 372 |
| Miscellaneous | - | - | - | - | - | - | - | 400 |
| NAL convention/meetings | - | - | - | - | 2,879 | 2,879 | 2,879 | 2,030 |
| NAL dues and fees | - | - | - | - | 1,340 | 1,340 | 1,340 | 1,625 |
| Office supplies | - | - | - | - | - | - | - | 220 |
| Postage and printing | 19 | 3 | 22 | - | - | - | 22 | 292 |
| Professional fees | 3,251 | 555 | 3,806 | 5,000 | - | 5,000 | 8,806 | 11,778 |
| Program/Food supplies | 79,821 | 13,630 | 93,451 | - | - | - | 93,451 | 36,385 |
| Software and technology tools | - | - | - | 1,023 | - | 1,023 | 1,023 | 4,318 |
| Taxes and license | - | - | - | 110 | - | 110 | 110 | 865 |
| Occupancy | - | - | - | - | - | - | - | - |
| Utilities | 2,853 | 487 | 3,340 | - | - | - | 3,340 | 13,114 |
| Repairs and maintenance | 16,079 | 2,746 | 18,825 | - | - | - | 18,825 | 21,387 |
| Insurance | 2,000 | 342 | 2,342 | 625 | - | 625 | 2,967 | 10,058 |
| Cleaning and maintenance | 2,844 | 486 | 3,330 | - | - | - | 3,330 | 4,236 |
| Operating costs | - | 3,281 | 3,281 | - | - | - | 3,281 | 8,099 |
| Property taxes | 850 | 145 | 995 | 1,500 | - | 1,500 | 2,495 | 2,160 |
| Telephone | 1,250 | 213 | 1,463 | - | - | - | 1,463 | 2,297 |
| Depreciation | - | - | - | - | - | - | - | 3,601 |
| Total expenses | 110,666 | 22,212 | 132,878 | 9,433 | 4,408 | 13,841 | 146,719 | 200,674 |
| Less expenses included with revenue on statement of activities | - | - | - | - | - | - | - | 8,310 |
| TOTAL EXPENSES PER STATEMENT OF ACTIVITIES | \$ 110,666 | \$ 22,212 | \$ 132,878 | \$ 9,433 | \$ 4,408 | \$ 13,841 | \$ 146,719 | \$ 192,364 |

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS

For the year ended May 31, 2020
(with Comparative Totals for the Year Ended May 31, 2019)

| | 2020 | 2019 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (91,110) | \$ (447,371) |
| Noncash items included in revenues and expenses: | | |
| Lease termination - HOME Program | - | 435,948 |
| Adjustments to reconcile changes in net assets to cash provided by operating activities: | | |
| Depreciation and amortization | - | 3,601 |
| Unrealized loss on investment | (16,516) | (5,036) |
| (Increase) decrease in operating assets: | | |
| Program receivables | - | 27,831 |
| Inventory | - | 8,310 |
| Prepaid expenses | (2,178) | 5,277 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 16,626 | (2,670) |
| Accrued expenses | - | (4,145) |
| Sales tax payable | - | (477) |
| Deferred revenue | (395) | (90) |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | (93,573) | 21,178 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from maturity of Certificates of Deposits | 1,076,749 | 956,000.00 |
| Purchase of Certificates of Deposits | (1,122,749) | (648,000) |
| NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES | (46,000) | 308,000 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (139,573) | 329,178 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 534,205 | 205,027 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 394,632 | \$ 534,205 |
| SUPPLEMENTAL INFORMATION: | | |
| Cash paid for interest | \$ - | \$ - |

See accompanying notes and accountant's review report

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Chapter's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

ASSISTANCE LEAGUE OF LOS ALTOS (the Chapter) is a California nonprofit public benefit corporation and is a chartered chapter of National Assistance League®. The Chapter derives the majority of its fundraising revenues from donations from unaffiliated donors and grants from unaffiliated groups. The Chapter provides the following philanthropic programs to the community:

Operation School Bell®

This fiscal year, the Operation School Bell Program® served 3,852 people in our community and distributed 1,546 bags of fresh produce and groceries to at least 430 food insecure families (unique count of the family) during the 'shelter-in-place' orders. In addition, the Chapter donated over 3,400 books, 390 sets of school supplies, 300 sets of uniforms, weekly supplies of healthy snacks during the in-class school days, various P.E. equipment which included 186 balls, and off campus science camp scholarships.

- **Food Relief Program @ Sunnyvale School District** – During the Covid-19 shelter-in-place orders, the chapter quickly responded to a Sunnyvale School District (SSD) request to provide groceries to families who were struggling due to job loss. Over a 12-week period, this program donated over \$22,000 worth of fresh produce and grocery items to the food insecure families.
- **Alphabet @ Sunnyvale School District** – This program provides school supplies, uniforms, books, PE Equipment, 5th-grade science camp scholarship, snack food pantry for housing insecure students, tech ancillary items, and iPad to 5 Title 1 schools in the Sunnyvale School District, Bishop Elementary, Columbia Middle, Lakewood Elementary, San Miguel Elementary and Vargas Elementary.
- **Hospital School** – This program provides school supplies, classroom books and library books to K-12th grade students who are hospitalized at Lucile Packard Children's Hospital to undergo medical treatment for serious medical conditions.
- **Love of Reading @ Los Altos School District** – This program provides books to Title 1 students at Almond Elementary School.
- **RAIC (Receiving, Assessment and Intake Center) Project** – This program provides duffel bags and backpacks filled with personal care products, basic clothing and other critical supplies to support Santa Clara County abused and/or neglected teens who are in dramatic transitional situations. This project is operated through the Santa Clara County Social Services Agency, Department of Family and Children's Services (DFCS).
- **The Learning Tree @ YMCA Northwest Division** – This Summer Learning Loss program provided books and school supplies to Title 1 students who are struggling in reading.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Baby Bundles

This fiscal year, the Baby Bundles program served 830 people which included 204 newborns, 203 siblings and 423 adults living in their households. Many of these young mothers are teens, live in crowded conditions, and most do not have support from their baby's father. Our goal is getting the baby and mother connected to available medical and social services.

- This program supplies clothing, homemade blankets, diapers, books, developmental toys and equipment for newborn babies (0-3 months old) to young mothers who have been referred to county Public Health Nurses (PHN) for counseling in infant care. We may also supply Boppy (nursing pillow), stroller, portable bassinet (Swaddle Me), and portable crib.

Assisteens

This program is open to 7th – 12th graders from local public and private schools who engage in volunteer activities and philanthropic projects throughout Santa Clara County. The goal of the program is to develop a sense of community awareness, self-reliance, personal responsibility, and leadership skills through guided activities. These activities include participating in a holiday shopping program for low-income families referred by County Public Health Nurses, projects for homeless shelters, making crafts or playing Bingo with residents in assisted living communities, and clothing drives for countrywide foster teens.

2. Basis of Accounting

The financial statements of the Chapter have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

3. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) accounting standards update (ASU) 2016-14 Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of ASU 2016-14 in 2018 did not change the net assets of the Organization. Certain reclassifications were made to the 2018 financial statements to conform to the new standards.

Net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Net assets are defined as follows:

Net Assets Without Donor Restriction – net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restriction – net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Change in Accounting Principle

In fiscal year 2020, the Chapter adopted Accounting Standards Update (ASU) No. 2018-08 *Not for Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received* (Topic 605) and ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). Analysis of various provisions of these updates resulted in no significant changes in the way the Chapter recognizes revenue, and therefore no changes to the previously issued reviewed financial statements were required on a retrospective basis.

5. 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Chapter's financial statements for the year ended May 31, 2019, from which the summarized information was derived.

6. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

7. 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. The 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 or 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 purpose of financial reporting, the Chapter has determined that the fair values of its financial instruments, which include cash equivalents and certificates of deposit, approximate the carrying values under Level 1 at May 31, 2020 and 2019 based on their short maturities and/or the terms available to the chapter in financial markets.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Cash and Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, the Chapter considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents.

9. Accounts Receivable

The Organization considers grants and other receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

10. Certificates of Deposit (Investments)

The Chapter carries investments in Certificates of Deposits with various maturity terms. Investment income is reported as unrestricted revenue.

11. Concentration of Credit Risk

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash, cash equivalents and certificates of deposit. Cash, cash equivalents and certificates of deposit 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 May 31, 2020, the Chapter's insured balances at these institutions total \$1,305,488. The Chapter has not experienced any losses on its cash, cash equivalents, or certificates of deposit.

12. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets generally as follows: Building and improvements, from 7 to 30 years; and furniture and equipment, from 3 to 10 years.

13. Deferred Dues 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.

14. Advertising

The Chapter's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the year ended May 31, 2020 and May 31, 2019 was \$1,250 and \$16,483, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

15. Revenue Recognition

The Chapter recognizes contributions when cash, securities, and other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

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.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a restriction expires, that is, when a stipulated time restriction ends or 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.

16. Donated Materials and Services

Materials and services are donated to the chapter by various individuals, corporations and other organizations and are reflected in the accompanying financial statements and their fair values at the date of donation.

A significant portion of the Chapter's program services, fundraising and administrative functions 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, 2020, these volunteers donated approximately 8,753 hours with an estimated value of \$235,106. This amount was computed using an estimated hourly rate of \$26.86. This amount is based upon the average hourly earnings of nonagricultural workers in the United States of America for the fiscal year ended May 31, 2020 (as determined by the U.S. Department of Labor's Bureau of Labor Statistics), plus 12% estimated fringe benefits.

17. Income Taxes

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all the positions taken by the Chapter in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

17. Income Taxes (Continued)

The Chapter files information returns with the U.S. federal jurisdiction and state of California. The Chapter's federal returns for the years ended May 31, 2017 and beyond remain subject to possible examination by the Internal Revenue Service. The Chapter's California returns of the years ended May 31, 2016 and beyond remain subject to possible examination by the Franchise Tax Board.

18. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2020 and May 31, 2019 consist of the following:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Philanthropic Fund | | |
| Morgan Stanley Smith Barney – Money Market Fund | \$ 304,545 | \$ 329,617 |
| Heritage Bank – Checking | 17,762 | 133,484 |
| Heritage Bank – Savings | 56,027 | 65,992 |
| Heritage Bank – Ecommerce | 16,298 | 5,112 |
| | | |
| Total Cash and Cash Equivalent | <u>\$ 394,632</u> | <u>\$ 534,205</u> |

NOTE C – CERTIFICATES OF DEPOSIT

Certificates of Deposit (level 2 investments) are stated at fair value and consist of the following at May 31, 2020 and May 31, 2019:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Morgan Stanley Smith Barney Certificate of Deposit | \$ 910,856 | 848,340 |
| | | |
| Total Investments | <u>\$ 910,856</u> | <u>\$ 848,340</u> |

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE C – CERTIFICATES OF DEPOSIT (Continued)

Investment Income for May 31, 2020 and 2019 consisted of the following:

| | 2020 | 2019 |
|--------------------------------------|-----------|-----------|
| Interest Income | \$ 21,139 | \$ 18,761 |
| Dividend Income | - | 3,369 |
| Unrealized gain/(loss) on Investment | 16,516 | 5,036 |
| | <hr/> | <hr/> |
| Total Investment Income | \$ 37,655 | \$ 27,166 |
| | <hr/> | <hr/> |

NOTE D – PROPERTY AND EQUIPMENT

Property and Equipment at May 31, 2020 and May 31, 2019 consist of the following:

| | 2020 | 2019 |
|-------------------------------|-----------------|-----------------|
| Land | \$ 55,096 | \$ 55,096 |
| Building | 23,600 | 23,600 |
| Furniture and Fixtures | 15,793 | 15,793 |
| Total cost | <hr/> 94,489 | <hr/> 94,489 |
| Less accumulated depreciation | 39,393 | 39,393 |
| Total Property and Equipment | <hr/> \$ 55,096 | <hr/> \$ 55,096 |

Depreciation expense for the years ended May 31, 2020 and May 31, 2019 totaled \$0- and \$3,601, respectively.

NOTE E – NET ASSETS

At May 31, 2020 and May 31, 2019, net assets were comprised of the following:

| | 2020 | 2019 |
|---|-------------|-------------|
| Net assets without donor restrictions | | |
| Undesignated | 1,197,984 | 1,289,094 |
| Designated for building improvements | 150,000 | 150,000 |
| | <hr/> | <hr/> |
| Total Net Assets without donor restrictions | \$1,347,984 | \$1,439,094 |
| | <hr/> | <hr/> |

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE F – NON-CASH CONTRIBUTIONS

The chapter received noncash contributions of materials that have been reflected in the financial statements of the Chapter as follows:

| | 2020 | 2019 |
|-------------------------------|----------|----------|
| Operation School Bell® | \$ 365 | \$ 120 |
| Baby Bundles | 2,055 | 3,380 |
| Software and technology tools | 35 | 435 |
| | <hr/> | <hr/> |
| Total non-cash contributions | \$ 2,455 | \$ 3,595 |

NOTE G – LIQUIDITY AND AVAILABILITY

The following is a quantitative disclosure which describes assets and liquid resources that are available as of May 31, 2020 to fund general expenditures and other obligations within one year:

| | |
|--|------------|
| Cash and Equivalents | \$ 394,632 |
| Certificates of Deposit (maturity date prior to May 31, 2021) | 516,135 |
| | <hr/> |
| | \$ 910,767 |

To build upon its past achievements and ensure future sustainability, the chapter has a long-standing policy that requires the governing board to maintain net assets without restrictions enough for one year's operating expenses. Assets received with donor restrictions to be used in the next fiscal year for operating purposes are considered to be available for general expenditures as of May 31, 2020.

As part of the Chapter's liquidity management plan, cash in excess of daily requirements is invested in short and/or long-term Certificates of Deposit (CDs). As of May 31, 2019, \$394,721 are long-term, with a maturity date after May 31, 2021, and are not included in the above liquidity total.

NOTE H – SUBSEQUENT EVENTS

The Chapter has been impacted by the worldwide coronavirus pandemic. The Chapter is closely monitoring its operation and liquidity and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Chapter's financial position is not known.

Assistance League of Los Altos has evaluated events subsequent to May 31, 2020, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through September 2, 2020, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE I – DISCONTINUANCE OF SIGNIFICANT ACTIVITIES

Assistance League® of Los Altos signed a termination agreement with Leland Stanford Junior University, ending the ground lease and returning the HOME apartments building to Leland Stanford Junior University as of June 30, 2018. The decision to discontinue the HOME program was significantly influenced by factors beyond the control of this chapter. These factors included challenges with Stanford Health Care and difficulty in securing professional building management services. Discontinuance of the HOME program will free resources within the organization to explore new programs, focused on assisting members of the community.

In addition, Assistance League® of Los Altos voted to discontinue the Costume Bank as a fundraising activity during the current fiscal year ending May 31, 2019. The Costume Bank cannot compete against the convenience of online shopping and, as a fundraiser, the economics no longer make sense. The Chapter derived the majority of its fundraising revenues from costume rentals and sales for the fiscal year ending May 31, 2019, the. Discontinuance of the costume rental business freed member time within the organization to explore other, more suitable fundraising activities.