

ASSISTANCE LEAGUE OF GREATER COLLIN COUNTY
FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT
MAY 31, 2023

ASSISTANCE LEAGUE OF GREATER COLLIN COUNTY

MAY 31, 2023

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LORI K. ORTA, P.C.
Certified Public Accountant

Independent Accountant's Review Report

To the Board of Directors
Assistance League® of Greater Collin County
Plano, TX

We have reviewed the accompanying financial statements of Assistance League® of Greater Collin County (a nonprofit organization) (the "Chapter"), 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 ("U.S. GAAP"); 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.

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 U.S. GAAP. 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 U.S. GAAP.

Summarize Comparative 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 reviewed financial statements for the year ended May 31, 2022, from which the summarized information was derived.

Lori K. Orta, P.C.

Dallas, Texas
August 14, 2023

Assistance League of Greater Collin County
STATEMENT OF FINANCIAL POSITION
May 31, 2023
(With comparative totals for 2022)
(See Independent Accountant's Review Report)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 376,851	\$ 334,808
Inventory	4,735	2,326
Prepaid expenses	7,466	7,486
Investments	<u>113,261</u>	<u>110,156</u>
Total current assets	<u>502,313</u>	<u>454,776</u>
PROPERTY AND EQUIPMENT - NET	897	-
RIGHT-TO-USE ASSET - OPERATING LEASE	131,448	-
DEPOSITS	<u>3,286</u>	<u>3,286</u>
TOTAL ASSETS	<u>\$ 637,944</u>	<u>\$ 458,062</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,123	\$ 10,507
Deferred membership dues	3,355	4,531
Operating lease liability	<u>35,150</u>	<u>-</u>
Total current liabilities	<u>39,628</u>	<u>15,038</u>
OPERATING LEASE LIABILITY - LONG-TERM PORTION	97,550	-
NET ASSETS		
Without donor restrictions		
Undesignated	331,721	319,738
Board designated for operating reserve	<u>169,045</u>	<u>123,286</u>
Total without donor restrictions	<u>500,766</u>	<u>443,024</u>
Total net assets	<u>500,766</u>	<u>443,024</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 637,944</u>	<u>\$ 458,062</u>

The accompanying notes are an integral part of these financial statements.

Assistance League of Greater Collin County
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2023
(With summarized comparative totals for 2022)
(See Independent Accountant's Review Report)

	Year Ended May 31, 2023			Year Ended May 31, 2022
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
SUPPORT AND REVENUES				
Fundraising and special events	\$ 9,933	\$ -	\$ 9,933	\$ 24,496
Less: direct expenses	(2,748)	-	(2,748)	(5,932)
Net fundraising and special events	7,185	-	7,185	18,564
Contributions and grants	200,746	-	200,746	162,435
In-kind goods and services	1,597	-	1,597	1,147
Membership dues	5,394	-	5,394	5,768
Investment income	3,722	-	3,722	2,598
Other income	12	-	12	642
Total support and revenues	218,656	-	218,656	191,154
EXPENSES				
Program services				
Operation School Bell	125,990	-	125,990	98,813
Pass the Word	6,635	-	6,635	3,536
Wee Memories	4,418	-	4,418	3,702
Caring in Action	4,321	-	4,321	2,051
Total program services	141,364	-	141,364	108,102
Supporting services				
Fundraising				
Other fundraising	2,264	-	2,264	2,456
Management and general	14,001	-	14,001	15,398
Membership development	3,285	-	3,285	1,380
Total supporting services	19,550	-	19,550	19,234
Total expenses	160,914	-	160,914	127,336
CHANGE IN NET ASSETS	57,742	-	57,742	63,818
NET ASSETS, at beginning of year	443,024	-	443,024	379,206
NET ASSETS, at end of year	\$ 500,766	\$ -	\$ 500,766	\$ 443,024

The accompanying notes are an integral part of these financial statements.

Assistance League of Greater Collin County
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2023
(With summarized comparative totals for 2022)

	Year Ended May 31, 2023											Year Ended May 31, 2022 Total Expenses
	Program Services					Supporting Services						
	Operation School Bell	Pass the Word	Wee Memories	Caring in Action	Total Program Services	Fundraising		Management and General	Membership Development	Total Supporting Services	Year Ended May 31, 2023 Total Expenses	
					Special Events Costs	Other Fund Raising						
Program inventory and supplies	\$ 90,118	\$ 6,063	\$ 2,218	\$ 2,114	\$ 100,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,513	\$ 72,990
Occupancy:												
Facilities rent	29,267	418	2,090	2,090	33,865	-	1,672	6,273	-	7,945	41,810	30,770
Insurance	4,271	61	61	61	4,454	-	305	1,342	-	1,647	6,101	6,279
National Dues	-	-	-	-	-	-	-	-	3,285	3,285	3,285	1,380
Event costs	-	-	-	-	-	2,748	-	-	-	2,748	2,748	6,086
Office supplies	1,970	28	28	28	2,054	-	141	620	-	761	2,815	6,996
Professional services	-	-	-	-	-	-	-	4,825	-	4,825	4,825	3,235
Education	-	-	-	-	-	-	-	40	-	40	40	1,168
Public Relations	125	15	15	15	170	-	139	-	-	139	309	905
Depreciation	101	-	-	-	101	-	7	37	-	44	145	-
Other	-	-	-	-	-	-	-	705	-	705	705	3,459
Total expenses	125,990	6,635	4,418	4,321	141,364	2,748	2,264	14,001	3,285	22,298	163,662	133,268
Less expenses included with revenues on statement of activities	-	-	-	-	-	(2,748)	-	-	-	(2,748)	(2,748)	(5,932)
Total expenses per statement of activities	<u>\$ 125,990</u>	<u>\$ 6,635</u>	<u>\$ 4,418</u>	<u>\$ 4,321</u>	<u>\$ 141,364</u>	<u>\$ -</u>	<u>\$ 2,264</u>	<u>\$ 14,001</u>	<u>\$ 3,285</u>	<u>\$ 19,550</u>	<u>\$ 160,914</u>	<u>\$ 127,336</u>

The accompanying notes are an integral part of these financial statements.

Assistance League of Greater Collin County
STATEMENT OF CASH FLOWS
For the Year Ended May 31, 2023
(With summarized comparative totals for 2022)
(See Independent Accountant's Review Report)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 57,742	\$ 63,818
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	145	-
Realized and unrealized gain on investments	(476)	(2,302)
Operating lease amortization	34,973	-
Contributions and grants receivables	-	15,080
Inventory	(2,409)	(563)
Prepaid expenses	20	(3,453)
Deposits	-	4,441
Accounts payable	(9,384)	3,272
Deferred membership dues	(1,176)	206
Operating lease liability	(33,721)	-
Net cash provided by operating activities	45,714	80,499
Cash flows from investing activities		
Acquisition of property and equipment	(1,042)	-
Reinvested earnings on investments	(2,629)	(296)
Proceeds from sale of investments	50,085	30,512
Purchases of investments	(50,085)	(29,464)
Net cash provided by (used in) investing activities	(3,671)	752
Increase in cash and cash equivalents	42,043	81,251
Cash and cash equivalents, at beginning of year	334,808	253,557
Cash and cash equivalents, at end of year	\$ 376,851	\$ 334,808
Supplemental disclosure of non-cash information		
Right-to-use assets obtained in exchange for operating leases	\$ 166,421	\$ -
Establishment of operating lease liability	\$ 166,421	\$ -

The accompanying notes are an integral part of these financial statements.

Assistance League of Greater Collin County
NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Assistance League® of Greater Collin County (the "Chapter") is a Texas nonprofit organization formed to manage and staff philanthropic projects devoted to assisting members of the community. The chapter touches the lives of the young, the elderly and the homeless.

The Chapter is a chartered chapter of the National Assistance League® ("NAL") which serves as the small governing body of the various leagues (chapters) throughout the United States of America. A portion of dues collected locally is remitted to NAL. The Chapter operates or supports the following philanthropic projects:

Operation School Bell ® ("OSB") is comprised of multiple programs:

OSB Retail organizes shopping days in conjunction with JC Penney for grade school students in various Collin County school districts who are referred to the program by school counselors, parent-liaisons, and/or social workers.

OSB Warm Feelings provides needed clothing and school supplies to middle school(s) in Collin County. The school staff gives the items to students known to be home insecure.

OSB Dr. Seuss schedules events at one or more grade schools during the week of Dr. Seuss's birthday. Members read Dr. Seuss books to 1st Grade classes. Each student is also given a book and the library is given a set of Dr. Seuss books.

OSB Listen and Learn pairs members with 2nd Grade students. Members meet with students individually once a week. Students read for 20 minutes to the member. The object is to help students improve comprehension while they read. Students are selected by their teachers and the books are provided by the school.

Pass the Word distributes reading materials to patients at Texas Presbyterian Hospital in Plano.

Wee Memories is a philanthropic program in conjunction with Texas Health Presbyterian Hospitals in Plano and Allen that provides a neonatal memory box for parents of deceased newborns.

Caring in Action provides opportunities for members to create crafts and provide activities based on needs of various organizations and agencies in the community.

The Chapter's support and revenue comes primarily from contributions, grants and fundraising.

Basis of Presentation

The accompanying financial statements 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").

Assistance League of Greater Collin County
NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. See Note 7.

Net assets with donor restrictions - Net assets subject to donor-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. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class. There are no net assets with donor restrictions as of May 31, 2023. See Note 6.

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 reviewed financial statements for the year ended May 31, 2022, from which the summarized information was derived.

Liquidity and Availability

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. See Note 10.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less.

Investments

At May 31, 2023, the Chapter's investments consists of a money market fund, equities, and exchange-traded products that are stated at fair value in the accompanying statement of financial position. Interest, dividends and realized and unrealized gains and losses are reporting within investment income in the accompanying statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Inventory

The Chapter maintains an inventory of new underwear and hygiene products for use in its Operation School Bell program which is stated at the lower of cost or market determined by the first-in, first-out method.

Assistance League of Greater Collin County
NOTES TO FINANCIAL STATEMENTS
May 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Chapter applies the U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. U.S. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities and reflect management's assumptions and best estimates based on available data.

Valuation techniques used fair value measurements needs to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

Property and Equipment

Property, plant and equipment are recorded at cost if purchased, or at estimated fair value as of the date of donation. The Chapter capitalizes expenditures for these assets in excess of \$500. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed on a straight-line basis over estimated useful lives as follows:

	<u>Estimated Lives</u>
Buildings and improvements	10 - 45 years
Furniture and equipment	5 - 10 years
Equipment under capital lease	6 years

Contributions and Grants

The Chapter recognizes contributions and grants when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. 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. Amounts received prior to the conditions being met are reported as refundable advances in the statement of financial position.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash and cash equivalents, investments - other, and inventory.

Cash and cash equivalents and investments are placed with high credit quality financial institutions to minimize risk. At times cash and cash equivalents and investments may exceed Federal Deposit Insurance Corporation limits and other insured limits, which is up to \$250,000. At May 31, 2023, the Chapter had no uninsured balances at these institutions. The Chapter has not experienced any losses on its cash and cash equivalents.

Assistance League of Greater Collin County
NOTES TO FINANCIAL STATEMENTS
May 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit and Market Risk Concentrations (Continued)

Investments are subject to various risks, such as interest rate, credit and overall market volatility risks. The Chapter maintains investments which are insured under Securities Investor Protection Corporation (“SPIC”) limits. SPIC provides up to \$500,000 of protection for securities and \$250,000 of protection for cash per customer. At May 31, 2023, the Chapter had no uninsured balances and has not experienced any losses on its investments.

Revenue Recognition

Membership dues are recognized as income during the period to which they are applicable. Accordingly, dues collected prior to the fiscal year to which they apply are deferred and recognized in the following period.

Revenues from special events are recognized when the events are held.

In-kind Goods and Services

In-kind goods are recognized in the accompanying financial statements at their estimated value on the dates of receipt. In-kind services are reflected in the financial statements at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Chapter was provided the following at no cost to the Chapter, and the estimated values of such in-kind goods and services are as follows for the year ended May 31, 2023:

Special events	\$ 1,350
Program inventory and supplies	181
Marketing communications	<u>66</u>
	<u>\$ 1,597</u>

Based on the current market rates, the Chapter would have paid \$1,597 for the in-kind goods and services for the year ended May 31, 2023. The Chapter utilizes the in-kind goods and services from various donors to carry out the mission of the Chapter. If a in-kind good and service is provided that does not allow the Chapter to utilize it in its normal course of business, the in-kind good and service will be sold at its fair market value as determined by appraisal or specialist depending on the type of non-cash contribution.

All in-kind goods and services received by the Chapter for the year ended May 31, 2023 were considered without donor restrictions and able to be used by the Chapter as determined by the board of directors and management.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Chapter. Total donated hours were estimated to be approximately 8,000 for the year ended May 31, 2023. The value of a donated hour, as determined by the U.S. Department of Labor, was approximately \$32 for the year ended May 31, 2023, giving a total estimated value of these unrecorded services of \$256,000. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the above criteria.

Assistance League of Greater Collin County
NOTES TO FINANCIAL STATEMENTS
May 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and changes in net assets. Expenses that are readily identifiable to a single program service or supporting service are charged directly to that function. However, certain categories of expenditures are attributable to more than one function and therefore, require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include program inventory and supplies, facilities rent and insurance, office supplies and public relations, which are based on management's estimates of square footage and inventory.

Income Tax Status

The Chapter has been classified as an entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Accordingly, no provision has been made for federal income taxes in the financial statements. The Chapter has not been notified of any pending examinations by any taxing authorities for open tax years and is not aware of any uncertain tax positions. The Chapter qualifies for charitable contribution deduction under Section 170(b)(1)(A). The Chapter had no unrelated business income or the year ended May 31, 2023. The Chapter is also exempt from the Texas State Margin Tax and Sales Taxes under Texas Tax Code Secs. 151.310 and 171.063.

The Chapter's informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Chapter is no longer subject to income tax examinations by tax authorities for years prior to 2020.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimated.

Adoption of New Accounting Standards

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities ("NFP") for Contributed Nonfinancial Assets*.

The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts - in-kind. The ASU requires an NFP to present contributed nonfinancial assets as separate line items in the statement of activities, apart from contributions of cash or other financial assets, and additional quantitative and qualitative disclosures are required, as follows:

- Disaggregation of gifts-in-kind by asset category and corresponding asset value,
- Whether the asset was monetized or used,
- If used, a description of the programs or services that used the asset,
- If monetized, information about the reporting entity's monetization policy.
- The valuation techniques used to value the asset, including the principal market used to arrive at a fair value measure, and a description of any donor-imposed restrictions.

The FASB ASU 2020-07 requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021. The ASU does allow for early adoption. The adoption of ASU 2020-07 had no impact on previously reported financial statements.

Assistance League of Greater Collin County
 NOTES TO FINANCIAL STATEMENTS
 May 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards (Continued)

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2020-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments; and ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (“ROU”) assets and lease liabilities for operating leases on the statement of financial position. Adoption of the standard required the Chapter to record an increase in ROU operating lease of \$166,421 and an increase in operating lease liability of \$166,421 at June 1, 2022.

The Chapter adopted the leasing standards effective June 1, 2022 using the modified retrospective approach with June 1, 2022, as the initial date of application. Management has elected to apply all practical expedients available under the new guidance, which allows the Chapter to: (1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. The Chapter also elected to apply the practical expedient to use hindsight in determining the lease term. The adoption of ASU 2016-02 had no impact on previously reported financial statements. See Note 8.

2. CASH AND CASH EQUIVALENTS

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

Checking account	\$ 239,956
Savings account	136,491
Other	404
	\$ 376,851

3. INVENTORY

Inventory consists of the following at May 31, 2023:

OSB underwear	\$ 3,500
OSB hygiene products	1,235
	\$ 4,735

4. INVESTMENTS

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes to the methodologies used at May 31, 2023.

Money market fund – valued at using a net asset value of \$1.

Equities and exchange - traded products – valued at quoted market prices, which for commingled funds represent the net asset value of shares held by the Chapter at year end.

Assistance League of Greater Collin County
 NOTES TO FINANCIAL STATEMENTS
 May 31, 2023

4. INVESTMENTS (Continued)

Investments are stated at fair value and consist of the following at May 31, 2023:

	Fair Value (Level 1)
Money market funds	\$ 53,880
Equities	17,725
Exchange-traded products	<u>41,656</u>
	<u>\$ 113,261</u>

Investment income consisted of the following for the year ended May 31, 2023:

Realized and unrealized gains	\$ 476
Interest income	<u>3,246</u>
	<u>\$ 3,722</u>

5. PROPERTY AND EQUIPMENT

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

Office equipment	\$ 2,527
Less accumulated depreciation	<u>(1,630)</u>
Total property and equipment, net	<u>\$ 897</u>

Depreciation expense for the year ended May 31, 2023 was \$145.

6. NET ASSETS WITH DONOR RESTRICTIONS

There were no net assets at May 31, 2023 with donor restrictions.

7. BOARD DESIGNATED NET ASSETS

The Board has designated \$169,045 from net assets without donor restrictions as a one year operating reserve at May 31, 2023. The operating reserve is determined annually based on the annual budget.

8. LEASES

With the adoption of FASB ASC 842, the Chapter determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Chapter determines lease classification as operating or finance at the lease commencement date.

The Chapter separates the lease and nonlease components, in calculating the ROU assets and lease liabilities for leases. At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Chapter uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Chapter uses a risk-free rate based on the information available at the commencement date to determine the present value of lease payments.

The Chapter considers leases with initial terms of twelve months or less, and no option to purchase the underlying assets, to be short-term leases. Accordingly, short-term leases costs are expensed over the remaining lease term, with no corresponding ROU asset or lease liability.

Assistance League of Greater Collin County
 NOTES TO FINANCIAL STATEMENTS
 May 31, 2023

8. LEASES (Continued)

Finance Lease

The Chapter has no finance leases.

Operating Leases

During May 2021, the Chapter signed a lease for office space at a new location for 66 months. The term of the lease for the new location will terminate on November 30, 2026.

Short-Term Lease

The Chapter has no short-term leases.

All Leases

The Chapter's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Chapter has no material related party leases.

Quantitative Disclosures

The lease costs and other required information for the year ended May 31, 2023:

Lease cost:

Operating lease cost	\$ <u>38,141</u>
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Other information

Cash paid for amounts included in the measurement of lease liabilities – operating cash flows from operating leases	\$ 36,891
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Right-to-use asset obtain in exchange for operating lease liabilities	\$ 166,421
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Weighted-average remaining lease term (in years)	5.5
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Weight-average discount rate	2.098%
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Minimum future lease obligations associated with the leases as of May 31, 2023 are as follows:

FYE 2024	\$ 37,599
FYE 2025	38,307
FYE 2026	39,015
FYE 2027	<u>23,000</u>
	<u>\$ 137,921</u>

Rent expense totaled \$41,810 for the year ended May 31, 2023.

Assistance League of Greater Collin County
 NOTES TO FINANCIAL STATEMENTS
 May 31, 2023

9. SPECIAL EVENTS

The Chapter holds fundraising and special events to support operations. The revenues and expenses for each event for the year ended May 31, 2023 are summarized as follows:

<u>Event</u>	<u>Revenue</u>	<u>Cost of Direct Benefits to Attendees</u>	<u>Gross Surplus</u>	<u>Other Event Costs</u>	<u>Net Surplus</u>
Game Day Fundraiser	\$ 2,817	\$ 2,344	\$ 473	\$ -	\$ 473
Restaurants	3,371	-	3,371	-	3,371
Wine Tasting	2,007	334	1,673	-	1,673
Other Fundraisers	1,738	70	1,668	-	1,668
	<u>\$ 9,933</u>	<u>\$ 2,748</u>	<u>\$ 7,185</u>	<u>\$ -</u>	<u>\$ 7,185</u>

10. LIQUIDITY AND AVAILABILITY

The Chapter monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Chapter considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following disclosure describes assets that are available or expected to be available within one year of May 31, 2023 to fund general expenditures and obligations as they become due:

Financial assets	
Cash and cash equivalents	\$ 376,851
Investments	<u>113,261</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 490,112</u>

To build upon past achievements and ensure future sustainability, the Chapter has a long-standing policy that requires the Board of directors to maintain net assets without donor restrictions sufficient 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 expenditure spending as of May 31, 2023.

In addition to the financial assets available to meet general expenditures over the next 12-months noted above, the Chapter has inventory that will likely be converted to cash or available for general expenditures during the normal course of next year's operations.

11. SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, subsequent events have been evaluated by the Chapter through August 14, 2023, which was the date the financial statements were available for issuance and has determined that there are no additional adjustments and/or disclosures required.