

**ASSISTANCE LEAGUE OF KANSAS CITY**

**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT  
and Supplementary Information**

**For the Fiscal Year Ended May 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Assistance League of Kansas City  
Gladstone, Missouri

We have audited the accompanying financial statements of the Assistance League of Kansas City (a nonprofit organization), which comprise the statement of financial position as of May 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance League of Kansas City as of May 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (continued)

Assistance League of Kansas City  
Gladstone, Missouri

**Report on Summarized Comparative Information**

The financial statements of Assistance League of Kansas City as of May 31, 2015, were audited by other auditors whose report dated December 18, 2015, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended May 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived

*Marr and Company*

Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
October 10, 2016

**ASSISTANCE LEAGUE OF KANSAS CITY**

STATEMENT OF FINANCIAL POSITION

As of May 31, 2016

(With Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 33,620	\$ 82,091
Designated cash (Note 3)	704,016	751,981
Unconditional promises to give receivables (Note 4)	42,125	50,525
Inventories (Note 5)	<u>297,766</u>	<u>241,369</u>
<b>Total Current Assets</b>	<b>1,077,527</b>	<b>1,125,866</b>
<u>Noncurrent Assets</u>		
Noncurrent unconditional promises to give receivables, net (Note 4)	62,142	101,565
Capital assets, net of accumulated depreciation (Note 6)	<u>1,875,492</u>	<u>1,758,013</u>
<b>Total Noncurrent Assets</b>	<b><u>1,937,634</u></b>	<b><u>1,859,578</u></b>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,015,161</u></b>	<b>\$ <u>2,985,444</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts payables	\$ 49,353	\$ 10,592
Deferred dues revenue	21,097	20,565
Current maturities of notes payable (Note 7)	<u>44,464</u>	<u>41,042</u>
<b>Total Current Liabilities</b>	<b>114,914</b>	<b>72,199</b>
<u>Noncurrent Liabilities</u>		
Notes payable, less current maturities (Note 7)	<u>178,869</u>	<u>376,911</u>
<b>Total Noncurrent Liabilities</b>	<b><u>178,869</u></b>	<b><u>376,911</u></b>
<b>Total Liabilities</b>	<b>293,783</b>	<b>449,110</b>
<u>Net Assets</u>		
Unrestricted (Note 8)	2,627,244	2,197,436
Temporarily Restricted	<u>94,134</u>	<u>338,898</u>
<b>Total Net Assets</b>	<b><u>2,721,378</u></b>	<b><u>2,536,334</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,015,161</u></b>	<b>\$ <u>2,985,444</u></b>

*See Accompanying Independent Auditors' Report and Notes to the Financial Statements.*

**ASSISTANCE LEAGUE OF KANSAS CITY**

STATEMENT OF ACTIVITIES  
For the Year Ended May 31, 2016  
(With Comparative Totals for 2015)

	For the Year Ended May 31, 2016			Year Ended May 31, 2015
	Unrestricted	Temporarily Restricted	Total	Totals
<b><u>SUPPORT AND REVENUES</u></b>				
Fundraising:				
THE ReSALE SHOP revenue:				
Contributions of merchandise	\$ 591,099	\$ 0	\$ 591,099	\$ 529,913
Sales of donated merchandise	555,205	0	555,205	523,958
Less: Value of merchandise sold	<u>(555,205)</u>	<u>0</u>	<u>(555,205)</u>	<u>(523,958)</u>
Net revenue from THE ReSALE SHOP	<u>591,099</u>	<u>0</u>	<u>591,099</u>	<u>529,913</u>
Fundraising events and activities:				
Revenue	46,039	0	46,039	54,126
Less: Direct costs	<u>(9,711)</u>	<u>0</u>	<u>(9,711)</u>	<u>(17,593)</u>
Net revenue from fundraising events and activities	<u>38,328</u>	<u>0</u>	<u>38,328</u>	<u>36,533</u>
Program service revenue	2,474	0	2,474	1,885
Contributions and grants	72,795	157,006	229,801	689,939
Noncash contributions	0	0	0	1,368
Membership dues	22,451	0	22,451	21,212
Interest	1,857	0	1,857	1,751
Other revenue	<u>6,218</u>	<u>0</u>	<u>6,218</u>	<u>1,510</u>
Total support and revenues	<u>733,222</u>	<u>157,006</u>	<u>890,228</u>	<u>1,284,111</u>
<b><u>EXPENSES</u></b>				
Program Services:				
Operation School Bell ®	339,594	0	339,594	300,109
Operation Child In Need	90,135	0	90,135	52,489
Assault Survivor Kits ®	24,471	0	24,471	37,832
Operation Hug	29,726	0	29,726	30,510
Other programs	<u>38,250</u>	<u>0</u>	<u>38,250</u>	<u>91,999</u>
Total Program Services	522,176	0	522,176	512,939
Supporting Activities:				
Fundraising:				
THE ReSALE SHOP	88,292	0	88,292	27,127
Other fundraising	27,252	0	27,252	36,229
Management and general	49,181	0	49,181	50,477
Membership development	<u>18,283</u>	<u>0</u>	<u>18,283</u>	<u>14,830</u>
Total Supporting Activities	<u>183,008</u>	<u>0</u>	<u>183,008</u>	<u>128,663</u>
Total Expenses	705,184	0	705,184	641,602
Net assets released from restrictions	<u>401,770</u>	<u>(401,770)</u>	<u>0</u>	<u>0</u>
Change in net assets	429,808	(244,764)	185,044	642,509
NET ASSETS, May 31, 2015	<u>2,197,436</u>	<u>338,898</u>	<u>2,536,334</u>	<u>1,893,825</u>
NET ASSETS, May 31, 2016	<u>\$ 2,627,244</u>	<u>\$ 94,134</u>	<u>\$ 2,721,378</u>	<u>\$ 2,536,334</u>

*See Accompanying Independent Auditors' Report and Notes to the Financial Statements.*

## ASSISTANCE LEAGUE OF KANSAS CITY

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended May 31, 2016 (With Comparative Totals for 2015)

For the Year Ended May 31, 2016

	Program Services						Supporting Activities					Year Ended May 31, 2016 Total	Year Ended May 31, 2015 Totals
	Operation School Bell ®	Operation Child In Need	Assault Survivor Kits ®	Operation Hug	Other Programs	Total Program Services	THE ReSALE SHOP	Other Fundraising	Management & General	Membership Development	Total Supporting Activities		
Program supplies	\$ 265,013	\$ 67,065	\$ 13,606	\$ 15,620	\$ 14,731	\$ 376,035	\$ 7,255	\$ 0	\$ 0	\$ 0	\$ 7,255	\$ 383,290	\$ 339,643
Occupancy:													
Utilities	14,022	2,022	778	982	719	18,523	18,483	0	4,121	0	22,604	41,127	36,712
Property management	5,493	1,100	423	534	391	7,941	3,054	0	2,242	0	5,296	13,237	12,595
Repairs and maintenance	5,711	889	342	432	316	7,690	6,764	5,599	1,812	0	14,175	21,865	21,377
Insurance	4,552	1,171	451	569	416	7,159	0	0	3,588	0	3,588	10,747	7,908
Mortgage note interest	3,748	0	0	0	0	3,748	11,245	0	0	0	11,245	14,993	26,473
Depreciation	19,053	13,130	5,017	6,173	4,633	48,006	7,835	0	13,925	0	21,760	69,766	50,564
Postage	458	93	36	3,205	1,202	4,994	0	0	190	234	424	5,418	4,032
Printing	672	0	0	0	8,540	9,212	0	0	0	742	742	9,954	17,262
Professional service fees	0	0	0	0	0	0	0	0	8,925	0	8,925	8,925	41,879
Public relations & advertising	5,337	1,131	658	494	2,236	9,856	9,646	17,307	4,043	198	31,194	41,050	16,701
Office supplies	1,944	500	192	243	178	3,057	0	0	1,019	0	1,019	4,076	2,132
Technology & web related	2,898	746	287	362	265	4,558	0	4,140	1,519	0	5,659	10,217	7,937
National dues & committee	286	74	28	36	26	450	0	0	150	12,135	12,285	12,735	11,330
Conference and meetings	9,536	1,990	2,567	967	3,842	18,902	1,801	0	4,055	0	5,856	24,758	17,638
Education	871	224	86	109	80	1,370	0	0	456	551	1,007	2,377	6,768
Food and entertainment	0	0	0	0	675	675	0	46	1,151	4,062	5,259	5,934	6,238
Bank and credit card fees	0	0	0	0	0	0	9,950	160	0	0	10,110	10,110	9,718
Gain / Loss on assets	0	0	0	0	0	0	12,259	0	0	0	12,259	12,259	0
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,985</u>	<u>361</u>	<u>2,346</u>	<u>2,346</u>	<u>4,692</u>
Total Expenses	<u>\$ 339,594</u>	<u>\$ 90,135</u>	<u>\$ 24,471</u>	<u>\$ 29,726</u>	<u>\$ 38,250</u>	<u>\$ 522,176</u>	<u>\$ 88,292</u>	<u>\$ 27,252</u>	<u>\$ 49,181</u>	<u>\$ 18,283</u>	<u>\$ 183,008</u>	<u>\$ 705,184</u>	<u>\$ 641,599</u>

*See Accompanying Independent Auditors' Report and Notes to the Financial Statements.*

**ASSISTANCE LEAGUE OF KANSAS CITY**

STATEMENT OF CASH FLOWS  
For the Year Ended May 31, 2016  
(With Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 185,044	\$ 642,509
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Promises to give discount amortization	1,018	0
(Gain) / loss on assets	12,259	0
Depreciation	69,766	49,092
Amortization	0	1,472
Changes in assets and liabilities:		
Designated cash	47,965	(171,981)
Unconditional promises to give	46,705	(151,990)
Inventories	(56,397)	(39,750)
Accounts payable	38,761	6,026
Deferred dues revenue	<u>532</u>	<u>1,187</u>
Net cash flows from operating activities	345,653	336,565
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of equipment and improvements	(199,504)	(83,621)
Net cash flows from investing activities	(199,504)	(83,621)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Net Payments of Debt	(194,620)	(326,082)
Net cash flows from financing activities	(194,620)	(326,082)
Net increase (decrease) in cash	(48,471)	(73,138)
Cash at beginning of year	<u>82,091</u>	<u>155,229</u>
Cash at end of year	\$ <u>33,620</u>	\$ <u>82,091</u>
<b><u>Supplemental disclosures</u></b>		
Cash paid for interest on notes payable	\$ <u>14,994</u>	\$ <u>27,051</u>

*See Accompanying Independent Auditors' Report and Notes to the Financial Statements.*



**ASSISTANCE LEAGUE OF KANSAS CITY**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended May 31, 2016

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## ASSISTANCE LEAGUE OF KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended May 31, 2016

#### NOTE 1: NATURE OF ACTIVITIES

Assistance League of Kansas City is a nonprofit corporation organized under the laws of the State of Missouri. It is a chartered chapter of National Assistance League®. The accompanying financial statements include the activities of Assistance League of Kansas City and its auxiliaries: Assisteens®, Heartland (collectively, the “Chapter”). The Chapter provides the following programs:

- Operation School Bell® provides new clothing and shoe vouchers to elementary school and middle school students in those school districts within Clay and Platte counties.
- Operation Child In Need provides school supplies and resources for specific needs of children in Clay and Platte counties.
- Assault Survivor Kits® provides clothing and hygiene items for sexual assault survivors treated at area hospitals.
- Operation Hug provides teddy bears to children in crisis situations in Clay, Platte, Johnson and Jackson counties.
- I'm In Charge provides materials to schools in Clay, Platte and Jackson counties for safety skills course taught to elementary aged children.
- Senior Outreach Service provides assistance and friendship to senior citizens residing at area senior care facilities.
- Outreach offers resources for short-term needs in the community.
- Best Foot Forward provides clothing and resources to college students entering or re-entering the job market.
- Operation Celebration provides cake mix, party supplies, and a gift to children celebrating birthdays or other occasions while in foster care.
- Waste Not program recognizes the contributions of the Chapter to other area not-for-profit organizations of donated items that cannot be used by THE ReSALE SHOP or other programs. During the year ended May 31, 2016 a total of 1,158 bags and boxes, approximately 10,422 pounds of items were donated to the City Union Mission.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Basis of Accounting

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

# ASSISTANCE LEAGUE OF KANSAS CITY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended May 31, 2016

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. 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*

- Unrestricted net assets are net assets not subject to donor-imposed restrictions or law. These net assets include Board-designated funds that are not restricted by the donor.

##### *Temporarily Restricted*

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

##### *Permanently Restricted*

- Permanently restricted net assets are net assets subject to donor-imposed restrictions that the gift cannot be wholly expended on a current basis. Investment returns generated from these funds are available for general support of the Chapter's programs and operations unless otherwise stipulated by the donor. As of May 31, 2016, the Organization did not have permanently restricted net assets.

#### C. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. In addition, the statement of functional expenses includes summarized information in total but not by function. 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, 2015, from which the summarized information was derived.

#### D. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of cash on hand, cash held as deposits with local financial institutions in checking and money market accounts, certificates of deposit and all highly liquid investments with original maturities of three months or less.

**ASSISTANCE LEAGUE OF KANSAS CITY**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended May 31, 2016

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Promises to Give**

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**F. Inventories**

The Chapter maintains an inventory of new clothing and vouchers 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. The Chapter also maintains an inventory of used clothing and household items donated by Chapter members and others for resale by THE ReSALE SHOP operated by the Chapter, which is stated at its estimated fair value as determined by average sale prices. All other inventory balances are stated at the lower of cost or market on a first-in, first-out basis.

**G. Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At May 31, 2016, the Chapter's uninsured balances at these institutions total \$80,959. The Chapter has not experienced any losses on its cash or cash equivalents.

**H. Capital Assets**

Capital assets are stated at cost if purchased or at the fair value at the date of donation in the case of donated assets. 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 40 years
Land improvements	10 to 15 years
Furniture and equipment	5 to 10 years
Technology related	4 to 7 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.

## ASSISTANCE LEAGUE OF KANSAS CITY

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended May 31, 2016

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### I. 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.

##### J. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

##### K. Donated Materials and Services

Significant materials and services 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. Items are donated to THE ReSALE SHOP by chapter members and supporters and totaled \$591,099 in the fiscal year ended May 31, 2016. The Chapter recognizes donated services for specialized skills that would typically need to be purchased if not acquired by donation provided that the services are performed by individuals possessing those skills.

In addition, all 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, 2016, these volunteers donated 54,254 hours with an estimated value of \$1,274,969. This value was computed using an estimated hourly rate of \$23.50, based upon the average hourly earnings of "production and nonsupervisory employees on private nonfarm payrolls, seasonally adjusted", as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

##### L. 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 the Revenue and Taxation Code of the State of Missouri.

The Chapter has applied the provisions of the FASB's ASC 740 10, Accounting for Uncertainty in Income Taxes. Under ASC 740 10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of May 31, 2016, the Chapter had no substantial uncertain income tax positions. Federal form 990 has been filed in a timely manner.

# ASSISTANCE LEAGUE OF KANSAS CITY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended May 31, 2016

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### M. 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.

#### N. Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### O. Subsequent Events

According to ASC 855-10, management has evaluated subsequent events to October 10, 2016, the issue date of the financial statements.

### NOTE 3: DESIGNATED CASH

Designated cash at May 31, 2016 consisted of the following:

Designated reserve for one year operating needs	\$ 534,028
Designated for building reserve	<u>169,988</u>
Total Designated cash	\$ <u>704,016</u>

### NOTE 4: PROMISES TO GIVE

Promises to give at May 31, 2016 consist of the following:

Unrestricted	\$ 113,160
Less discounts to net present value	(4,593)
Less allowance for uncollectible promises	<u>(4,300)</u>
Total promises to give, net	\$ <u>104,267</u>

Promises to give at May 31, 2016 are due as follows:

Less than one year	\$ 42,125
One to five years	<u>62,142</u>
Total promises to give	\$ <u>104,267</u>

Long-term promises to give are recognized at fair value, using a present value discount rate of 4.0%.

**ASSISTANCE LEAGUE OF KANSAS CITY**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended May 31, 2016

**NOTE 5: INVENTORIES**

Inventories at May 31, 2016 consisted of the following:

New clothing and shoe vouchers for use in its Operation	\$ 176,475
School Bell program	
Used clothing and household items held for sale at	92,257
THE ReSALE SHOP	
Operation Hug	13,781
Assault Survivor Kits (ASK)	12,196
I'm In Charge materials	1,625
Mama Jane's items held for sale at THE ReSALE SHOP	<u>1,432</u>
Total inventories	<u>\$ 297,766</u>

**NOTE 6: CAPITAL ASSETS**

Capital assets consist of the following at May 31, 2016:

Land	\$ 416,018
Land improvements	132,588
Buildings and improvements	1,662,977
Furniture and equipment	48,357
Technology related	<u>36,281</u>
Gross capital assets	2,296,221
Less accumulated depreciation	<u>(420,729)</u>
Total capital assets, net	<u>\$ 1,875,492</u>

Depreciation expense totaled \$69,766 for the year ended May 31, 2016. The Chapter owns a building at 6101 N. Chestnut, Gladstone, Missouri and a building at 6601 N. Oak, Gladstone, Missouri. The building on N. Chestnut is used for business offices and chapter meetings. The building on N. Oak is used for Operation School Bell and THE ReSALE SHOP.

**NOTE 7: MORTGAGE PAYABLE**

The Chapter has a 4.0% fixed-rate, fully amortized mortgage loan with a bank secured by a building owned by the Chapter. Beginning April 1, 2017, the interest rate will adjust to 4.5% and the monthly payment amount may change. The required monthly payment of principal and interest is \$4,751 and the last payment is due on April 1, 2022. At May 31, 2016, the scheduled principal payments due on this mortgage loan are as follows:

Year ending May 31:	
2017	\$ 44,464
2018	49,881
2019	52,204
2020	54,632
2021	<u>22,152</u>
Total mortgage payable	<u>\$ 223,333</u>

**ASSISTANCE LEAGUE OF KANSAS CITY**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended May 31, 2016

**NOTE 8: NET ASSETS**

At May 31, 2016, net assets were restricted by donors or designated by the Chapter board as follows:

Unrestricted net assets:	
Designated reserve for one year's operating expenses	\$ 705,000
Designated reserve for building improvements	169,988
Undesignated	<u>1,752,256</u>
Total unrestricted net assets	<u>2,627,244</u>
Temporarily restricted for:	
Capital campaign	82,134
Restricted grants for next fiscal year	<u>12,000</u>
Total temporarily restricted net assets	<u>94,134</u>
Total net assets	\$ <u>2,721,378</u>

**NOTE 9: TRANSACTION WITH ASSISTANCE LEAGUE**

The Organization annually remits a portion of its membership dues to Assistance League. For the year ended May 31, 2016, the Chapter paid \$12,080 to Assistance League. These payments are recorded as total national dues and committee expense for 2016 and are included in membership development expense in the Statement of Activities.

**NOTE 10: CAPITAL CAMPAIGN**

The Chapter began a capital campaign in 2013 to fund necessary repairs to its buildings. The revenue and related expenses from the campaign for the year ended May 31, 2016 are as follows:

Revenue	\$ 145,006
Costs	<u>(972)</u>
Net revenue	\$ <u>144,034</u>

**NOTE 11: OTHER PROGRAMS EXPENSE**

As detailed in Note 1, the Chapter provides services through several programs. The related expenses for those programs listed in the financial statements as "Other Programs" for the year ended May 31, 2016 are as follows:

I'm In Charge	\$ 15,190
Senior Outreach Services	18,490
Outreach	467
Birthday/Celebration Bags	2,624
Best Foot Forward	<u>1,479</u>
Total Other Programs Expenses	\$ <u>38,250</u>