Harrington Group

Certified Public Accountants, LLP

ASSISTANCE LEAGUE® OF ARCADIA

Independent Accountants' Review Report and Financial Statements

For the Year Ended May 31, 2017 (With Comparative Totals for 2016)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Assistance League of Arcadia

We have reviewed the accompanying financial statements of Assistance League of Arcadia (a nonprofit organization), which comprise the Statement of Financial Position as of May 31, 2017, 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 Responsibilities 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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements of 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 were 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 accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Assistance League of Arcadia's 2016 financial statements and in our conclusion dated September 14, 2016, stated that based on our review, we were not aware of any material modifications that should be made to the 2016 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended May 31, 2016, for it to be consistent with the reviewed financial statements from which it has been derived

Harrington Group

Pasadena, California
September 27, 2017

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ASSISTANCE LEAGUE® OF ARCADIA

STATEMENT OF FINANCIAL POSITION
MAY 31, 2017
(WITH COMPARATIVE TOTALS AT MAY 31, 2016)

	2017	2016
ASSETS		
Cash and cash equivalents (Note 2)	**$ 300,491**	$ 311,832
Accounts receivable	**-**	1,664
Prepaid expenses	**18,293**	22,007
Inventories (Note 3)	**98,971**	77,148
Investments (Note 4)	**396,927**	366,045
Property and equipment, net (Note 5)	**372,158**	399,589
TOTAL ASSETS	**$ 1,186,840**	$ 1,178,285
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	**$ 19,093**	$ 274
Deferred dues revenue	**25,180**	29,015
TOTAL LIABILITIES	**44,273**	29,289
NET ASSETS (Note 7)		
Unrestricted	**1,037,553**	1,033,264
Temporarily restricted	**105,014**	115,732
TOTAL NET ASSETS	**1,142,567**	1,148,996
TOTAL LIABILITIES AND NET ASSETS	**$ 1,186,840**	$ 1,178,285

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

ASSISTANCE LEAGUE® OF ARCADIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2016)

	Year Ended May 31, 2017			Year Ended May 31, 2016
	Unrestricted	**Temporarily Restricted**	**Total**	Totals
SUPPORT AND REVENUES				
Fundraising:				
Bargain Box Thrift Store:				
Contributions of merchandise	$ 187,205	$ -	**$ 187,205**	$ 185,283
Sales of donated merchandise	180,801	-	**180,801**	201,430
Other sales	-	-	**-**	-
Value of merchandise sold	(180,801)	-	**(180,801)**	(201,430)
Net revenue from Thrift Store	187,205	-	**187,205**	185,283
Special events and activities (Note 8):				
Revenue	15,605	-	**15,605**	14,690
Direct costs	(9,009)	-	**(9,009)**	(10,333)
Net revenue from special events	6,596	-	**6,596**	4,357
Contributions	23,388	-	**23,388**	148,182
Membership dues	29,130	-	**29,130**	28,770
Investment return (Note 4)	30,882		**30,882**	(2,062)
Other income	3,302	-	**3,302**	2,967
Net assets released from restrictions:				
Satisfaction of purpose restrictions	10,718	(10,718)	**-**	-
TOTAL SUPPORT AND REVENUES	291,221	(10,718)	**280,503**	367,497
EXPENSES				
Program services:				
Senior Citizens Community House	52,446	-	**52,446**	48,980
Operation School Bell	88,174	-	**88,174**	96,017
Other philanthropic programs	31,223	-	**31,223**	26,745
Total program services expenses	171,843	-	**171,843**	171,742
Supporting services:				
Fundraising	59,605	-	**59,605**	59,606
Management and general	46,122	-	**46,122**	39,602
Membership development	9,362	-	**9,362**	13,733
Total supporting services expenses	115,089	-	**115,089**	112,941
TOTAL EXPENSES	286,932	-	**286,932**	284,683
CHANGE IN NET ASSETS	4,289	(10,718)	**(6,429)**	82,814
NET ASSETS AT BEGINNING OF YEAR	1,033,264	115,732	**1,148,996**	1,066,182
NET ASSETS AT END OF YEAR	$ 1,037,553	$ 105,014	**$ 1,142,567**	$ 1,148,996

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

ASSISTANCE LEAGUE® OF ARCADIA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2016)

	Year Ended May 31, 2017									
	Program Services				Supporting Services					Year Ended May 31, 2016 Total Expenses
	Senior Citizens Community House	Operation School Bell	Other Philanthropic	Total Program Services	Thrift Shop	Management and General	Membership Development	Total Supporting Services	Total Expenses	
Clothing and shoes	$ -	$ 56,769	$ -	$ 56,769	$ -	$ -	$ -	$ -	**$ 56,769**	$ 69,250
Backpacks		5,457		5,457				-	**5,457**	4,032
Books and school kits		5,377		5,377				-	**5,377**	4,913
Kaboodle kits		2,965		2,965				-	**2,965**	5,084
Other program supplies	146	532	8,605	9,283				-	**9,283**	12,595
Camperships		1,312		1,312				-	**1,312**	1,928
Hospital kits			568	568				-	**568**	82
Links to learning grants			12,546	12,546				-	**12,546**	9,861
Occupancy:										
Utilities	9,563	1,595		11,158	13,441			13,441	**24,599**	26,628
Repairs and maintenance	20,696	1,892	3,034	25,622	9,025			9,025	**34,647**	37,360
Insurance				-		12,983		12,983	**12,983**	12,388
Taxes and licenses		931		931	8,730	181		8,911	**9,842**	9,942
Furnishings		3,072		3,072				-	**3,072**	89
Depreciation	10,079	2,069	271	12,419	18,515			18,515	**30,934**	30,934
Postage and freight		118	33	151		4,254	31	4,285	**4,436**	6,594
Professional services				-	2,628	7,813		10,441	**10,441**	10,253
Advertising and promotions				-		1,455		1,455	**1,455**	1,965
Donated services		1,760	6,000	7,760				-	**7,760**	5,120
Office supplies	305			305	1,301	635		1,936	**2,241**	503
Operating supplies	1,823	1,183		3,006	2,657	1,436		4,093	**7,099**	6,902
National Assistance League dues				-		9,313	5,993	15,306	**15,306**	14,028
National Assistance League conference				-				-	**-**	-
and meetings		3,142	166	3,308	3,308	6,781	3,142	13,231	**16,539**	8,704
Education				-		602		602	**602**	348
Miscellaneous expenses	9,834			9,834		669	196	865	**10,699**	5,180
TOTAL 2017 FUNCTIONAL EXPENSES	**$ 52,446**	**$ 88,174**	**$ 31,223**	**$ 171,843**	**$ 59,605**	**$ 46,122**	**$ 9,362**	**$ 115,089**	**$ 286,932**	
TOTAL 2016 FUNCTIONAL EXPENSES	$ 48,980	$ 96,017	$ 26,745	$ 171,742	$ 59,606	$ 39,602	$ 13,733	$ 112,941		$ 284,683

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

ASSISTANCE LEAGUE OF ARCADIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	**$ (6,429)**	$ 82,814
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation expense	**30,934**	30,934
Interest and dividends	**(6,643)**	(6,123)
Unrealized (gain) loss on investments	**(24,239)**	8,185
(Increase) decrease in operating assets:		
Accounts receivable	**1,664**	(1,664)
Prepaid expenses	**3,714**	(2,360)
Inventories	**(21,823)**	49,368
Increase (decrease) in operating liabilities:		
Accounts payable	**18,819**	17
Deferred revenues	**(3,835)**	670
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	**(7,838)**	161,841
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	**(3,503)**	-
NET CASH (USED) BY INVESTING ACTIVITIES	**(3,503)**	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(11,341)**	161,841
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**311,832**	149,991
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**$ 300,491**	$ 311,832

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

1. Summary of Significant Accounting Policies

Nature of Activities

The Assistance League® of Arcadia (the Chapter), founded in 1951, is a California nonprofit organization and is a chartered chapter of National Assistance League®. The accompanying financial statements include the activities of the Assistance League® of Arcadia and its auxiliaries, Las Alas and Assisteens, (collectively, the Chapter). The Chapter is staffed and directed entirely by trained volunteers for the purpose of serving the needs to children and senior citizens in the community.

The Chapter provides the following programs:

The Community House is a facility for Arcadia senior citizens and the Arcadia/Pasadena EYE-DAS Club both of whom gather for socialization, education and refreshments.

Operation School Bell provides new clothing, shoes, backpacks, books, school supplies and grooming kits to students in kindergarten through eighth grade in Arcadia and neighboring school districts.

Hospital Magazines are provided at Methodist Hospital of Southern California and encompass the distribution of current magazines to all waiting rooms of the hospital Baby Basics provides and newborn layettes to new mothers in economic need.

Kids on the Block is a puppet program for elementary school children providing educational programs about bullying, the dangers of smoking, disabilities and childhood obesity.

The Chapter's support and revenue come primarily from contributions and other fund-raising efforts including special events and operation of a thrift store called the Bargain Box.

Basis of Accounting

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

continued

1. Summary of Significant Accounting Policies, continued

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 positions and activities in three classes:

Unrestricted net assets are net assets not subject to donor-imposed restrictions or law.

Unrestricted – Board Designated are comprised of resources that the Board of Directors has established as being designated for future program operations and capital expenditures. For purposes of complying with net assets accounting, these assets are included in unrestricted net assets at May 31, 2017 (see Note 7).

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 period are recorded as unrestricted. The Chapter has temporarily restricted net assets of $105,014 at May 31, 2017.

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. The Chapter has no permanently restricted net assets at May 31, 2017.

Comparative Totals

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with National Assistance League's financial statements for the year ended May 31, 2016, from which the summarized information was derived.

continued

1. Summary of Significant Accounting Policies, continued

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value.

Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets
Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets
Level 3 inputs - estimates using the best information available when there is little or no market

The Chapter is required to measure investments and non-cash contributions at fair value.

Cash and Cash Equivalents

The Chapter has defined cash and cash equivalents as cash held in checking and money market accounts, time deposits, certificates of deposit and all highly liquid investments with original maturities of three months or less.

Promises to Give

Unconditional promises to give are recognized as contributions in the period received and as net 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 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories – Operation School Bell and Layette Program

The Chapter maintains an inventory of new clothing and articles for use in its Operation School Bell and Layette programs. Inventories are stated at the lower of cost or market determined by the first-in first-out method.

continued

1. Summary of Significant Accounting Policies, continued

Thrift Store Sales and Inventory

Used clothing and household items are donated by the Chapter members and others for resale by the Bargain Box which is a thrift store operated by the Chapter. The inventory is valued at the estimated fair market value which is an estimate of the net value to be realized. Sales and the corresponding cost of sales of donated merchandise are recorded as exchange transaction revenue, and exchange transaction expense, and are reported as fundraising in the Statement of Activities.

Investments

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

Concentration of Credit Risks

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At May 31, 2017, the Chapter had no uninsured balances at these institutions. The Chapter has not experienced any losses on its cash or cash equivalents. The Chapter's investments do not represent significant concentrations of market risk inasmuch as the Chapter's investment portfolio is adequately diversified among issuers.

Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. Property and equipment acquisitions in excess of $1,000 are capitalized.

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:

Building and improvements	10 to 39 years
Furniture and equipment	5 to 10 years

continued

1. Summary of Significant Accounting Policies, continued

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

Deferred Revenue

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

Contributions

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

Donated Materials and Services

Significant materials 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.

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, 2017, these volunteers donated approximately 22,005 (unaudited) hours with an estimated value of $537,362. This value was computed using the estimated hourly rate of $24.42, based upon the average hourly earnings of nonagricultural workers for twelve month period ended May 2017, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, including 12% for estimated fringe benefits.

continued

1. Summary of Significant Accounting Policies, continued

Income Taxes

The Chapter is exempt from taxation under Internal Revenue Code Section 501(c)(3). In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Chapter is also exempt from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California.

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 of 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. The Chapter's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Functional Allocation of Expenses

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 program and supporting services benefited.

continued

2. Cash and Cash Equivalents

Cash and cash equivalents at May 31, 2017 consist of the following:

Cash on hand	$ 210
Checking accounts	
Citizens Business Bank	102,641
Citizens Business Bank	26,290
Citizens Business Bank	57,727
Citibank	113,623
	$300,491

3. Inventories

Inventories comprise:

Operation School Bell clothing at the lower of cost or market	$54,744
Thrift Store merchandise at estimated fair market value of donations	39,125
Project material costs	3,179
Layette kits at the lower of cost or market	1,923
Total inventories	$98,971

continued

4. Investments

Investments are stated at fair value and consist of the following at May 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total**
Equities	$222,085	$ -	$ -	**$222,085**
Mutual funds	79,677	-	-	**79,677**
Money market	65,133	-	-	**65,133**
Certificates of deposit	30,032	-	-	**30,032**
Total investments	$396,927	$ -	$ -	**$396,927**

The fair value of equities within the Level 1 inputs are based on quoted market prices as of the closing of the last business day of the fiscal year (see Note 6).

Investment return for the year ended May 31, 2017 is summarized as follows:

	Unrestricted	Temporarily Restricted	**Total**
Interest and dividends	$ 6,643	$ -	**$ 6,643**
Net unrealized gain	26,498	-	**26,498**
Less: investment advisory and custodial fees	(2,259)	-	**(2,259)**
Total investment return, net	$30,882	$ -	**$30,882**

5. Property and Equipment

Property and equipment at May 31, 2017 consists of the following:

Land	$ 206,060
Building and improvements	816,616
Furniture	123,080
	1,145,756
Less: accumulated depreciation	(773,598)
	$ 372,158

Depreciation expense for the year ended May 31, 2017 was $30,934.

continued

6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at May 31, 2017 on a recurring basis:

	Level 1	Level 2	Level 3	Total
Equities				
Large value	$ 55,560	$ -	$ -	**$ 55,560**
Small value	34,666	-	-	**34,666**
Short term bond	39,038	-	-	**39,038**
Foreign large	23,948	-	-	**23,948**
Mid cap	25,990	-	-	**25,990**
Real estate bond	23,861	-	-	**23,861**
Inflation-protected bond	9,843	-	-	**9,843**
Small growth	9,181	-	-	**9,181**
	222,087	-	-	**222,087**
Mutual funds				
Large blend	39,612			**39,612**
Large growth	40,065	-	-	**40,065**
	79,677	-	-	**79,677**
	$301,764	$ -	$ -	**$301,764**

The fair value of equities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

7. Net Assets

At May 31, 2017, net assets were restricted by donors or designated by the organization as follows:

Unrestricted net assets:	
Designated reserve for one year's operating expenses	$ 272,930
Designated reserve for deferred maintenance	4,396
Memorial funds	1,577
Undesignated	758,650
Total unrestricted net assets	$1,037,553
Temporarily restricted net assets:	
OSB Arcadia Students In-Store	$105,014
Total temporarily restricted net assets	$105,014

continued

8. Special Events and Activities

The Chapter conducts various fundraising activities which are for the sale of merchandise to support current operations. The revenue and related expenses from such events for the year ending May 31, 2017 are as follows:

	Revenue	Direct Cost	**Net Revenue**
Las Alas:			
Poinsettia	$ 3,400	($1,308)	**$2,092**
Other	1,725	(875)	**850**
Bunco	356	-	**356**
Raffle	802	-	**802**
Assisteens:			
See's Candy	9,322	(6,826)	**2,496**
	$15,605	($9,009)	**$6,596**

9. Evaluation of Subsequent Events

The Chapter has evaluated events subsequent to May 31, 2017 to assess the need of potential recognition or disclosure in the financial statements. Such events were evaluated through September 27, 2017, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.