INDEPENDENT AUDITOR'S REPORT AND

FINANCIAL STATEMENTS

OF

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY

MAY 31, 2019

Covell, Jani & Pasch LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Covell, Jani & Pasch LLP

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Assistance League of Inland North County
Escondido, California

Independent Auditor's Report

We have audited the accompanying financial statements of Assistance League of Inland North County (a nonprofit organization), which comprise the statement of financial position as of May 31, 2019, 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 audits. We conducted our audits 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 Inland North County as of May 31, 2019, 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.

Covell, Jani & Pasch LLP

Escondido, California
September 18, 2019

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ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF FINANCIAL POSITION
MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 242,957	$ 267,299
Investments	1,369,917	1,575,737
Inventories	25,850	22,680
Prepaid expenses	5,158	849
TOTAL CURRENT ASSETS	1,643,882	1,866,565
PROPERTY AND EQUIPMENT, NET	740,183	742,120
TOTAL ASSETS	**$ 2,384,065**	**$ 2,608,685**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable	$ 139,060	$ 142,658
Sales tax payable	3,680	2,038
Deferred dues revenue	10,395	13,020
TOTAL CURRENT LIABILITIES	153,135	157,716
NET ASSETS		
Without donor restrictions	2,230,930	2,450,969
With donor restrictions	-	-
TOTAL NET ASSETS	2,230,930	2,450,969
TOTAL LIABILITIES AND NET ASSETS	**$ 2,384,065**	**$ 2,608,685**

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	Year Ended May 31, 2019			Year Ended May 31, 2018
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
SUPPORT AND REVENUE				
Fundraising:				
Thrift shop revenue:				
Contributions of merchandise	$ 262,650	$ -	$ 262,650	$ 265,771
Thrift shop sales	268,162	-	268,162	273,588
Less: commissions on consigned merchandise sold	(2,556)	-	(2,556)	(3,909)
Less: value of inventory sold	(262,650)	-	(262,650)	(265,771)
Net revenue from thrift shop	265,606	-	265,606	269,679
Fundraising events and activities				
Revenue	-	-	-	21,771
Less: direct costs	-	-	-	(5,008)
Net revenue from fundraising events and activities	-	-	-	16,763
Program service revenue	2,850	-	2,850	5,225
Contributions and grants	17,450	-	17,450	15,675
Membership	13,401	-	13,401	12,012
Investment income	18,925	-	18,925	158,929
TOTAL SUPPORT AND REVENUE	318,232	-	318,232	478,283
EXPENSES				
Program services				
Operation School Bell	189,452	-	189,452	207,520
Ready Set Read	30,192	-	30,192	40,726
Operation Duffle Bag	14,795	-	14,795	12,032
Hug A Bear	16,619	-	16,619	14,196
Baby Real Deal	6,702	-	6,702	7,756
Outreach	-	-	-	91,110
Project Seniors	23,034	-	23,034	24,243
Scholarship Fund	136,631	-	136,631	134,358
Kids' Cozy Corner	4,374	-	4,374	5,505
Total programs services	421,799	-	421,799	537,446
Supporting services				
Fundraising:				
Thrift shop	85,706	-	85,706	78,537
Fundraising events and activities indirect costs	-	-	-	1,227
Management and general	21,075	-	21,075	29,186
Membership development	9,691	-	9,691	10,425
Total supporting services expenses	116,472	-	116,472	119,375
TOTAL EXPENSES	538,271	-	538,271	656,821
CHANGE IN NET ASSETS	(220,039)	-	(220,039)	(178,538)
NET ASSETS AT BEGINNING OF YEAR	2,450,969	-	2,450,969	2,629,507
NET ASSETS AT END OF YEAR	**$ 2,230,930**	**$ -**	**$ 2,230,930**	**$ 2,450,969**

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

		Year Ended May 31, 2019														
		Program Services									Supporting Services					
		Operation School Bell	Ready Set Read	Operation Duffle Bag	Hug A Bear	Baby Real Deal	Project Seniors	Scholarship Fund	Kids' Cozy Corner	Total Program Services	Thrift Shop	Management and General	Membership Development	Total Supporting Services	Year Ended May 31, 2019 Total Expenses	Year Ended May 31, 2018 Total Expenses
Program supplies		$ 184,394	$ 27,136	$ 9,737	$ 11,561	$ 1,644	$ 19,978	$ -	$ 1,318	$ 255,768	$ -	$ -	$ -	$ -	$ 255,768	$ 374,205
Thrift store supplies		-	-	-	-	-	-	-	-	-	4,199	-	-	4,199	4,199	4,067
Bank and merchant fees		-	-	-	-	-	-	-	-	-	4,080	54	-	4,134	4,134	3,638
Commissions on merchandise sold		-	-	-	-	-	-	-	-	-	2,556	-	-	2,556	2,556	3,909
Administration		-	-	-	-	-	-	-	-	-	-	-	2,761	2,761	2,761	3,635
Depreciation	*	1,372	823	1,372	1,372	1,372	823	823	823	8,780	17,831	821	-	18,652	27,432	25,954
Donation		-	-	-	-	-	-	-	-	-	-	-	500	500	500	500
Education and training	*	124	74	124	124	124	74	74	74	792	1,609	74	-	1,683	2,475	1,965
National conferences and meetings	**	54	54	54	54	54	54	54	54	432	179	105	-	284	716	8,843
National dues		-	-	-	-	-	-	-	-	-	-	-	6,430	6,430	6,430	6,290
Occupancy / Facility Expenses:																
Insurance	*	500	300	500	500	500	300	300	300	3,200	6,494	296	-	6,790	9,990	11,259
Property taxes	*	380	228	380	380	380	228	228	228	2,432	4,944	230	-	5,174	7,606	7,484
Repairs and maintenance	*	1,348	809	1,348	1,348	1,348	809	809	809	8,628	17,525	809	-	18,334	26,962	19,497
Utilities and telephone	*	1,182	709	1,182	1,182	1,182	709	709	709	7,564	15,372	713	-	16,085	23,649	22,634
Scholarships		-	-	-	-	-	-	133,575	-	133,575	-	-	-	-	133,575	131,875
Other		-	-	-	-	-	-	-	-	-	12,195	1,923	-	14,118	14,118	9,872
Professional services		-	-	-	-	-	-	-	-	-	-	12,950	-	12,950	12,950	12,640
Property expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,229
Public relations and advertising		-	-	-	-	-	-	-	-	-	-	3,040	-	3,040	3,040	9,049
Supplies	*	98	59	98	98	98	59	59	59	628	1,278	60	-	1,338	1,966	2,185
Cost / value of merchandise sold		-	-	-	-	-	-	-	-	-	262,650	-	-	262,650	262,650	265,771
Total expenses		189,452	30,192	14,795	16,619	6,702	23,034	136,631	4,374	421,799	350,912	21,075	9,691	381,678	803,477	926,501
Less expenses included with revenue on statement of activities		-	-	-	-	-	-	-	-	-	(265,206)	-	-	(265,206)	(265,206)	(269,680)
TOTAL EXPENSES PER STATEMENT OF ACTIVITIES		$ 189,452	$ 30,192	$ 14,795	$ 16,619	$ 6,702	$ 23,034	$ 136,631	$ 4,374	$ 421,799	$ 85,706	$ 21,075	$ 9,691	$ 116,472	$ 538,271	$ 656,821
*Allocated expenses/allocation %		5.0%	3.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%		65.0%	3.0%				
**Allocated expenses/allocation %		7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%		25.0%	15.0%				

See independent auditor's report and notes to the financial statements.

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(220,039)	(178,538)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	27,432	25,954
Realized (gain) loss on investments	(37,323)	(61,072)
Unrealized (gain) loss on investments	42,549	(79,169)
(Increase) decrease in prepaid expenses	(4,309)	11,362
(Increase) decrease in inventory	(3,170)	(1,704)
Increase (decrease) in accounts payable	(3,599)	96,366
Increase (decrease) in sales tax payable	1,642	(1,369)
Increase (decrease) in deferred dues revenue	(2,625)	13,020
Total adjustments	20,597	3,388
NET CASH PROVED (USED) BY OPERATING ACTIVITIES	(199,442)	(175,150)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(25,495)	(23,713)
Proceeds from sale of investments	200,595	459,145
Purchase of investments	-	(246,017)
NET CASH PROVED (USED) BY INVESTING ACTIVITIES	175,100	189,415
NET INCREASE (DECREASE) IN CASH	(24,342)	14,265
CASH AND EQUIVALENTS, BEGINNING OF YEAR	267,299	253,034
CASH AND EQUIVALENTS, END OF YEAR	**$ 242,957**	**$ 267,299**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
CASH PAID DURING THE YEAR FOR:

Interest expense	$ -	$ -

See independent auditor's report and notes to financial statements

A. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICES

Nature of Activity

The Assistance League of Inland North County (the "Chapter") incorporated in 1985 and is a chartered chapter of the National Assistance League. The accompanying financial statements include the activities of the Assistance League of Inland North County and its auxiliary: Assisteens (the "Chapter"). The Chapter is a not-for-profit organization under the Internal Revenue Code Section 501(c)(3) and is dedicated to a program of diversified philanthropies through volunteer services of its members. The Chapter provides the following programs:

Operation School Bell provides new school clothing, shoes and hygiene kits to local elementary and high school students and Camp Pendleton children in need. Through referrals from principals, counselors and health workers in all local school districts, children are outfitted as needed.

Ready ... Set ... Read ... nurtures the motivation to read among elementary children by providing one on one reading support in classrooms, in addition to providing yearly author visits and books.

Operation Duffel Bag is a program providing start-up kits containing various items for graduating foster high school students of San Pasqual Academy and Escondido Union High School District.

Hug-A-Bear provides teddy bears to local police, fire fighters, paramedics, and hospitals for distribution to children in trauma situations.

Scholarship Program provides scholarships to students graduating from local high schools and college level awards to students enrolled in the nursing programs at California State University San Marcos and Palomar College, as well as students in the technical and paramedic program.

Baby Real Deal is a program to help reduce teen pregnancies by providing simulator babies to middle school and high school students.

Kids' Cozy Corner is a program that provides comfort to families and children who are under tremendous stress by supplying the waiting area of the Palomar Medical Center Emergency Room with children's books, huggable bears, coloring books, games and clothing for sick or injured babies and toddlers to wear home.

Outreach is a program that responds to specific community needs by providing one-time needed gifts.

Project Seniors supports senior activities and also provides supplies for the homeless in cooperation with Interfaith.

A. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Nature of Activity (Continued)

The Chapter's support and revenues come primarily from contributions and other fundraising efforts including special events and the operation of a thrift shop.

Basis of Accounting

The Chapter's accounting records and the accompanying financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles (GAAP) whereby all revenue is recognized when earned rather than received and expenses are recognized when incurred rather than when paid and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Non-For-Profit Entities.* Under ASU 2016-14, the Chapter is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Chapter's board of directors.

Net assets with donor restriction: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Chapter or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. There were no net assets with donor restrictions as of May 31, 2019.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by 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, 2018, from which the summarized information is derived.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents consist primarily of cash held in checking, money market accounts, certificate of deposit accounts and other securities with original maturities of three months or less.

Fair Values

The Chapter follows guidance issued by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, which provides the framework for measuring the fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means
- if the asset or liability has specified (contractual) terms, the level 2 input must be observable for substantially the full term of the assets or liability

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

For purposes of financial reporting, the Chapter has determined that the fair values of its financial instruments, which include cash equivalents, accounts receivable and accounts payable, approximate the carrying values at May 31, 2019, based on their short maturities and/or the terms available to the Chapter in financial markets.

Investments

The Chapter carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values on the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets on 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

The Chapter maintains an inventory of used clothing and household items donated by chapter members and others for resale by a thrift shop operated by the Chapter, which is stated at its estimated fair value.

The Chapter also maintains an inventory of new clothing and shoes for use in its Operation School Bell, Camp Pendleton program, which is stated at cost.

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.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Generally, the Chapter capitalizes assets with a value of $500 or more. Depreciation is provided on the straight-line and double-declining methods over the estimated useful lives of the assets. Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets are charged to operations in the periods incurred.

Building and improvements	39 years
Equipment	5 - 7 years
Furniture and fixtures	5 - 7 years
Thrift store improvements	10 years
Land	Not Depreciated

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

Deferred revenue

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Materials, Services and Free Use of Facilities

Significant materials, services and free use of facilities are donated to the Chapter by various individuals, corporations and other organizations, and are reflected in the accompanying financial statements at their fair values at the date of donation.

In addition, 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 fiscal year ended May 31, 2019, these volunteers donated approximately 27,801 hours, with an estimated value of $716,710. This value was computed using an estimated hourly rate of $25.78, based upon the average hourly earnings of nonagricultural workers plus 12% for estimated fringe benefits for the time period of May 31, 2019, as determined by the U.S. Department of Labor's Bureau of Labor Statistics.

Income Taxes

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

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, 2019, the Chapter had no substantial uncertain tax positions.

Advertising

The Chapter expenses advertising costs as they are incurred. The total advertising expense for the year ended May 31, 2019 was $3,040.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Expense Allocations

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

B. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Chapter to concentrations of credit risk consist principally of cash deposits and investment securities in bank and financial institutions. The Chapter maintains cash and cash equivalents and short and long term investments with major banks and financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each institution. The Chapter did not have any balances in excess of the FDIC coverage for the year ended May 31, 2019.

The Chapter also maintains accounts with a brokerage company. These accounts contain cash and securities, and balances are insured up to $500,000 (with a limit of $250,000 for cash) by the Securities Investor Protection Company (SiPC). For the year ended May 31, 2019, the Chapter had balances in excess of coverage of $825,249.

C. CASH AND CASH EQUIVALENTS

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

Cash on hand	$ 507
Checking accounts:	
US Bank operating account	20,457
US Bank Assisteens account	1,857
	22,314
Money market accounts:	
Charles Schwab	220,136
Total cash and cash equivalents	$ 242,957

D. AVAILABILITY AND LIQUIDITY

The Chapter regularly 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 represents the Chapter's financial assets at May 31, 2019:

Financial assets at year-end:	
Cash and cash equivalents	$ 242,957
Investments not encumbered by donor restrictions	1,369,917
Total financial assets	1,612,874
Less amounts not available to be used within one year:	
Quasi endowment established by the board - REIT	44,668
Designated reserve for one year's budgeted expenses	551,800
Designated reserve for building improvements	140,000
	736,468
Financial assets available to meet general expenditures over the next twelve months	$ 876,406

To build upon its past achievements and ensure future sustainability, the chapter has a longstanding policy that requires the governing board to maintain unrestricted net assets sufficient for one year's operating expenses. Assets held for the chapter's board designated building reserve have been excluded from the total above, although those assets could be undesignated by the governing board to meet cash needs if necessary. However, 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, 2019.

In addition to the financial assets available to meet general expenditures over the next 12-months noted above, the chapter has other current assets and deferred revenue that will likely be converted to cash or available for general expenditures during the normal course of next year's operations. Such current assets include the chapter's program and thrift shop inventories and prepaid expenses.

E. CASH FLOW INFORMATION

The company did not have any non-cash financing or investing transactions relating to the purchase of fixed assets for the year ended May 31, 2019.

F. INVESTMENTS

Investments are stated at fair value and consist of the following at May 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Mutual funds			
Bond	$ 265,808	$ -	$ 265,808
Equity	99,273	-	99,273
Equities and Exchange-Traded			
Bond	195,728	-	195,728
Emerging markets	73,152	-	73,152
International large blend	90,437	-	90,437
Mid-cap blend	181,140	-	181,140
Real estate	126,606	-	126,606
Small blend	293,105	-	293,105
Real estate investment trust	44,468	-	44,468
Total asset fair value	$ 1,369,917	$ -	$ 1,369,917

The following table sets forth by level, within the fair value hierarchy, the Chapter's investments, other than money market funds, included in cash at fair value as of May 31, 2019.

	Level 1	Level 2	Level 3	Total
Mutual funds				
Bond	$ 265,808	$ -	$ -	$ 265,808
Equity	99,273	-	-	99,273
Equities and Exchange-Traded				
Bond	195,728	-	-	195,728
Emerging markets	73,152	-	-	73,152
International large blend	90,437	-	-	90,437
Mid-cap blend	181,140	-	-	181,140
Real estate	126,606	-	-	126,606
Small blend	293,105	-	-	293,105
Real estate investment trust	-	44,468	-	44,468
Total asset fair value	$ 1,325,249	$ 44,468	$ -	$1,369,917

The amortized cost of securities and their approximate fair values at May 31, 2019 are as follows:

Gross amortized cost	$1,315,313
Unrealized gain (loss) on investments	54,604
Fair market value	$1,369,917

F. INVESTMENTS (CONTINUED)

Investment return for the year ended May 31, 2019 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 588	$ -	$ 588
Dividends	15,468	-	15,468
Capital gains	11,261	-	11,261
Net realized gains (losses)	37,323	-	37,323
Net unrealized gains (losses)	(42,549)	-	(42,549)
Total investment income	22,091	-	22,091
Investment fees and expenses	(3,166)	-	(3,166)
Net investment income	$ 18,925	$ -	$ 18,925

G. INVENTORIES

Inventories consisted of the following at May 31, 2019:

Used clothing and household items held for sale at thrift shop	$ 20,692
New clothing and shoes for use in Operation School Bell program	5,158
Total inventories	$ 25,850

H. PROPERTY AND EQUIPMENT

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

Building and improvements	$ 965,911
Equipment	43,916
Furniture and fixtures	37,220
Thrift store improvements	21,828
Land	135,000
Total property and equipment	1,203,875
Less accumulated depreciation	(463,692)
Total property and equipment, net	$ 740,183

Depreciation expense for the year ended May 31, 2019 was $27,432.

I. NET ASSETS

Net assets consist of the following at May 31, 2019:

Without donor restrictions	
Designated reserve for one year's budgeted expenses	$ 551,800
Designated reserve for building improvements	140,000
Undesignated	1,539,130
Total without donor restrictions	2,230,930
Total with donor restrictions	-
Total net assets	$ 2,230,930

J. FUNDRAISING EVENTS AND ACTIVITIES

The Chapter did not conduct any fundraising events or activities for the year ending May 31, 2019.

K. SUBSEQUENT EVENTS

The Chapter has evaluated events subsequent to May 31, 2019, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through September 18, 2019, the date these financial statements were available to be issued. Based on this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.