assistance league®
Transforming Lives • Strengthening Community
INLAND NORTH COUNTY

Reviewed Financial Statements
May 31, 2023

KATHERINE GLUCK
CERTIFIED PUBLIC ACCOUNTANT

Independent Accountant's Review Report

The Board of Directors of Assistance League of Inland North County:

I have reviewed the accompanying financial statements of Assistance League of Inland North County (the Organization) (a nonprofit organization), which comprise the statement of financial position as of May 31, 2023, 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, I do not express such an opinion.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility
My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion
Based on my review, I am 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
I previously reviewed Assistance League of Inland North County's 2022 financial statements and in my conclusion dated September 14, 2022, stated that based on my review, I was not aware of any material modifications that should be made to the 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. I am 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, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

Katherine Gluck

Hermosa Beach, California
September 15, 2023

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF FINANCIAL POSITION
MAY 31, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 261,349	$ 280,914
Prepaid expenses	3,630	3,780
Inventories	99,121	124,217
Investments	1,006,158	1,052,425
Property and equipment, net	660,975	693,034
TOTAL ASSETS	2,031,233	2,154,370
LIABILITIES		
Accounts payable and accrued liabilities	9,196	14,783
Deferred revenue	7,780	7,780
TOTAL LIABILITIES	16,976	22,563
NET ASSETS		
Without restrictions	2,014,257	2,131,807
With restrictions	-	-
TOTAL NET ASSETS	2,014,257	2,131,807
TOTAL LIABILITIES AND NET ASSETS	2,031,233	2,154,370

See Independent Accountant's Review Report.

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF ACTIVITIES
MAY 31, 2023
(With Comparative Totals for 2022)

	Year Ended May 31, 2023			Year Ended May 31, 2022
SUPPORT AND REVENUES	Without restrictions	With restrictions	Total	Total
Fundraising:				
Thrift shop revenue				
Contributions of merchandise	$ 276,150	$ -	$ 276,150	$ 254,735
Sales of donated merchandise	293,043	-	293,043	262,826
Less: Value of merchandise sold	(293,043)	-	(293,043)	(262,826)
Net revenue from thrift shop	276,150	-	276,150	254,735
Fundraising activities	23,718	-	23,718	19,269
Contributions and grants	92,075	-	92,075	32,131
Contributions of nonfinancial assets, excluding thrift shop	32,953	-	32,953	20,930
Membership	8,417	-	8,417	8,852
Investment return	25,026	-	25,026	29,482
Other income	-	-	-	2,350
TOTAL SUPPORT AND REVENUES	458,339	-	458,339	367,749
EXPENSES				
Program services:				
Operation School Bell®	166,121	-	166,121	198,723
Scholarship Fund	135,518	-	135,518	142,521
Outreach	-	-	-	85,319
Operation Duffel Bag	22,257	-	22,257	27,206
Waste-Not	36,054	-	36,054	20,530
Project Seniors	5,640	-	5,640	6,833
Ready Set Read	3,364	-	3,364	3,876
Other	19,173	-	19,173	18,858
Total program service expenses	388,127	-	388,127	503,866
Supporting services:				
Thrift shop	101,770	-	101,770	97,871
Fundraising activities indirect costs	3,100	-	3,100	2,838
Management and general	26,536	-	26,536	23,778
Membership development	6,464	-	6,464	1,245
Total supporting services expenses	137,869	-	137,869	125,732
TOTAL EXPENSES	525,996	-	525,996	629,598
CHANGE IN NET ASSETS FROM OPERATIONS	(67,656)	-	(67,656)	(261,849)
Nonoperating Activities				
Investment gains / (losses), net	(49,894)	-	(49,894)	(105,608)
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	(49,894)	-	(49,894)	(105,608)
TOTAL CHANGE IN NET ASSETS	(117,551)	-	(117,551)	(367,457)
NET ASSETS AT BEGINNING OF YEAR	2,131,807	-	2,131,807	2,499,264
NET ASSETS AT END OF YEAR	2,014,257	-	2,014,257	2,131,807

See Independent Accountant's Review Report.

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2023
(With Comparative Totals for 2022)

	Program Services								Supporting Services						
	Operation School Bell	Scholarship Fund	Operation Duffel Bag	Waste Not	Project Seniors	Ready Set Read	Other	Total Program Services	Thrift Shop	Other Fundraising Activities	Mgmt and General	Membership Development	Total Supporting Services	Year Ended May 31, 2023 Total Expenses	Year Ended May 31, 2022 Total Expenses
Advertising and public relations	$ 80	$ 32	$ 64	$ 80	$ 32	$ 32	$ 80	$ 399	$ 958	$ -	$ 239	$ -	$ 1,197	$ 1,596	$ 1,858
Bank and credit card fees	-	-	-	-	-	-	-	-	4,472	-	206	-	4,678	4,678	4,092
Cost of sales	-	-	-	-	-	-	-	-	293,043	-	-	-	293,043	293,043	262,826
Depreciation	1,603	641	1,282	1,603	641	641	1,603	8,015	19,235	-	4,809	-	24,044	32,059	31,676
Insurance	573	229	458	573	229	229	573	2,863	6,871	-	1,718	-	8,588	11,451	9,964
Education and training	-	-	-	-	-	-	-	-	-	-	18	490	508	508	1,386
National dues	-	-	-	-	-	-	-	-	-	-	-	4,695	4,695	4,695	5,036
Other	35	14	28	35	14	14	135	276	1,871	601	1,174	819	4,465	4,741	3,744
Outside services	-	-	-	-	-	-	-	-	28,893	-	-	-	28,893	28,893	28,656
Printing	-	-	-	-	-	-	-	-	-	2,499	-	-	2,499	2,499	2,692
Professional services	-	-	-	-	-	-	-	-	-	-	9,500	-	9,500	9,500	13,075
Program supplies and support	161,112	-	18,250	31,045	3,637	1,361	14,064	229,469	-	-	-	-	-	229,469	318,612
Property maintenance	1,536	614	1,229	1,536	614	614	1,536	7,681	18,434	-	4,609	-	23,043	30,724	28,605
Property taxes	410	164	328	410	164	164	410	2,049	4,918	-	1,229	-	6,147	8,196	8,062
Scholarships	-	133,515	-	-	-	-	-	133,515	-	-	-	-	-	133,515	155,560
Supplies	56	23	45	56	23	23	56	282	7,531	-	887	460	8,878	9,160	6,074
Utilities	716	286	572	716	286	286	716	3,578	8,587	-	2,147	-	10,734	14,312	10,506
EXPENSES	166,121	135,518	22,257	36,054	5,640	3,364	19,173	388,127	394,813	3,100	26,536	6,464	430,912	819,039	892,424
Less expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	(293,043)	-	-	-	(293,043)	(293,043)	(262,826)
TOTAL EXPENSES	166,121	135,518	22,257	36,054	5,640	3,364	19,173	388,127	101,770	3,100	26,536	6,464	137,869	525,996	629,598

See Independent Accountant's Review Report.

ASSISTANCE LEAGUE OF INLAND NORTH COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (117,551)	$ (367,457)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,059	31,676
Change in value of investments	47,672	102,853
(Increase) decrease prepaid expenses	150	600
(Increase) decrease in inventories	25,096	34,992
Increase (decrease) in accounts payable and accrued liabilities	(5,587)	(10,393)
Increase (decrease) in deferred revenue	-	(1,100)
Net cash used by operating activities	(18,160)	(208,829)
Cash flows from investing activities:		
Expenditures for fixed assets	-	(12,131)
(Purchase) proceeds from investments, net	(1,405)	311,609
Net cash (used) provided by investing activities	(1,405)	299,478
Net (decrease) increase in cash and cash equivalents	(19,565)	90,649
Cash and cash equivalents at beginning of year	280,914	190,265
Cash and cash equivalents at end of year	261,349	280,914

SUPPLEMENTAL CASH FLOW INFORMATION:

	2023	2022
Noncash contributions	$ 309,103	$ 303,590

See Independent Accountant's Review Report.

NOTE 1 – OPERATIONS AND ACTIVITIES

Assistance League of Inland North County (the "Organization") incorporated in 1985 and is a chartered chapter of National Assistance League. The accompanying financial statements include the activities of the Assistance League of Inland North County and its auxiliary: Assisteens. The Organization is dedicated to providing the following diversified philanthropic programs through the volunteer services of its members:

Operation School Bell provides new school clothing, shoes, technology support, school supplies, 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.

Scholarship Fund 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.

Outreach responds to specific community needs by providing donations on a one-time-only basis.

Waste Not provides an expanded community service emphasis to oversee distribution of unusable items donated to, or purchased for use by, Thrift Shop, Operation School Bell, or any other Assistance League of Inland North County program to other 501(c)(3) organizations.

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.

Project Seniors supports seniors living independently with minimum income by providing gift cards for food and other items. The program also provides supplies for the homeless in cooperation with Interfaith Community Services and Emmanuel Faith Community Church.

Operation Duffel Bag provides start-up kits containing various items for graduating foster and homeless high school students primarily from the Escondido Union High School District.

Other Programs include:
Kids' Cozy Corner 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 stickers.

Hug-A-Bear provides teddy bears to Palomar Medical Center for distribution to children in trauma situations.

The Organization's programs and supporting services are funded through operation of a thrift shop, individual and business donations, corporate and foundation grants, and special fundraising events and activities.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization 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 Organization is also exempt from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California.

The Organization has applied the provisions of Financial Accounting Standard Board's (FASB) Accounting Standards Codification (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, 2023, the Organization had no substantial uncertain income tax positions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and with the provisions of ASC 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities in two classes of net assets as follows:

- *Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions. The governing body has designated, from net assets without donor restrictions, assets for a building improvement reserve.

- *Net assets with donor restrictions* are net assets subject to stipulations imposed by donors or law. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of May 31, 2023, the Organization had no assets held with restrictions.

Accounting Standard Adopted

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities: Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU enhances presentation and disclosure requirements for not-for-profit entities to increase the transparency in reporting contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021. The Organization adopted this ASU effective for the fiscal year ended May 31, 2023, using the retrospective transition method, with no impact to its financial statements for the years presented.

Concentrations of Risk

The Organization operates in Inland North County, California and is dependent upon the local economy. In 2023, net revenues earned from operation of its thrift shop represented 60% of the Organization's total support and revenues. Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and investment securities. The Organization's savings and checking accounts are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization's investment account is covered by Securities Investor Protection Corporation (SIPC) insurance, however, market risk is not covered.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes.

Inventories

The Organization maintains program inventory primarily comprised of Operation School Bell supplies and other program supplies. This philanthropic inventory is stated at the lower of cost or market determined by the first-in, first-out method. The Organization also maintains an inventory of gently used clothing and household items donated by members and the public for resale in its thrift shop. This inventory is stated at its estimated fair value.

Property and Equipment

Property and equipment are stated at acquisition cost or at the fair value at the date of donation in the case of donated assets. The Organization's policy is to capitalize all fixed asset expenditures in excess of $1,000 that have a useful life of at least five years. Additionally, some expenditures of less than $1,000 are capitalized in order to facilitate tracking the location and maintenance of the fixed asset. The Organization provides for depreciation of property and equipment by use of the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10 to 39 years
Furniture, fixtures, and equipment	5 to 7 years

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Repair and maintenance costs are charged to operating expense as incurred. There were no impairment charges in fiscal year 2023.

Deferred Revenue

Membership dues collected prior to the fiscal year to which the revenue applies are deferred and recognized over the period to which the dues relate.

Revenue Recognition

Contributions
The Organization recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. All contributions are considered to be available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets are reclassified to contributions without donor restrictions 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 support without restrictions.

Thrift Shop Sales
Revenue generated from the sale of donated used clothing and household items from the Organization's thrift shop is recognized at point of sale at which time all performance obligations have been satisfied.

Fundraising Events
The Organization records special event revenue when the event takes place.

Membership (Revenue Recognition continued)
The performance obligation related to membership dues is completely satisfied within the fiscal year, and any membership dues collected in advance of the next fiscal year are recognized as deferred dues revenue.

Donated Materials and Services

Throughout the year, the Organization receives significant donations of gently used clothes, household items, and other material from various individuals. Donated clothes, other retail merchandise, and other material of $309,103 are reflected in the accompanying statement of activities for the twelve-month period ending May 31, 2023. In addition, a significant portion of the Organization's functions and programs is 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, 2023, these volunteers donated approximately 26,910 hours with an estimated value of $855,738. This value was computed using an estimated hourly rate of $31.80 based upon the average hourly wage rate for nonagricultural workers of $27.65 for the period ended December 31, 2022, as determined by the U.S. Department of Labor’s Bureau of Labor Statistics, plus 15% for estimated fringe benefits.

Fair Value Measurements

The Organization has determined the fair value of certain assets in accordance with the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which provides a comprehensive definition of fair value for both assets and liabilities and also establishes a hierarchy, under generally accepted accounting standards, for measuring fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to measurements involving significant unobservable inputs (Level III measurements). The three levels of fair value hierarchy are as follows:

- Level I inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity could access at the measurement date.

- Level II inputs are inputs other than quoted prices included within Level I that are observable for the related asset or liability, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.

- Level III inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the related asset or liability.

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various 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.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 3 – CASH AND CASH EQUIVALENTS

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

Savings and checking accounts	$ 260,235
Money market fund	444
Other cash	670
Total cash and cash equivalents	261,349

NOTE 4 – INVENTORIES

Inventories at May 31, 2023 consist of the following:

Donated clothing and household items held for resale	$ 67,942
Operation School Bell supplies	28,624
Other	2,555
Total inventories	99,121

NOTE 5 – INVESTMENTS

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

Exchange traded fund – domestic bonds	$ 490,689
Exchange traded fund – domestic equities	309,126
Exchange traded fund – international equities	128,510
Exchange traded fund – domestic real estate	20,190
Exchange traded fund – international real estate	18,337
Equity securities	39,306
Total investments	1,006,158

Investment return for the year ended May 31, 2023 is summarized as follows:

Change in value of investments	$ (47,672)
Advisory fees	(2,222)
Investment loss, net	(49,894)
Interest and dividends	25,026
Total investment loss, net	(24,868)

NOTE 6 – PROPERTY AND EQUIPMENT

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

Land and improvements	$ 135,000
Building and improvements	973,133
Furniture, fixtures, and equipment	82,996
	1,191,129
Less: Accumulated depreciation	(530,154)
Total property and equipment, net	660,975

NOTE 7 – NET ASSETS

At May 31, 2023, net assets were designated by the Organization as follows:

Net assets without restrictions:	
Building improvement reserve	$ 140,000
Undesignated	1,874,257
Total net assets without restrictions	2,014,257
Total net assets	2,014,257

NOTE 8 – LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization 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.

As of May 31, 2023, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets as of May 31, 2023	$ 1,267,507
Less: Board-designated reserve	(140,000)
Financial assets available at year end for current use	1,127,507

The Organization's board-designated reserve could be made available for spending by action of the Organization's board of directors.

NOTE 9 – FAIR VALUE MEASUREMENTS

Assets carried at fair value on a recurring basis at May 31, 2023 are as follows:

	Fair Value May 31, 2023	Quoted Prices in Active Markets (Level I)	Other Observable Inputs (Level II)	Unobservable Inputs (Level III)
Investments	$ 1,006,158	$ 1,006,158	$ -	$ -
Assets measured at fair value	1,006,158	1,006,158	-	-

The Organization has determined that the fair values of its cash equivalents, accounts payable, and accrued liabilities are deemed to be reasonable estimates of their fair values based on the short-term maturities of these financial instruments.

NOTE 10 – NONFINANCIAL ASSETS

During the year ended May 31, 2023, contributions of merchandise to the thrift shop and other nonfinancial assets have been reflected in the financial statements as follows:

Nonfinancial assets:	
Thrift shop merchandise	$ 276,150
Waste-Not	31,045
Other	1,908
Total nonfinancial assets	309,103

Donations of nonfinancial assets to the Organization's thrift shop are valued at their sale price at the time of sale or at their estimated sale price for items remaining in inventory at year-end. Contributed gently used clothing and household items to Waste-Not are also valued based on the thrift shop sale price for items of comparable quality.

NOTE 11 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated on a square-footage and usage basis include depreciation, utilities, building maintenance, repairs, property taxes, insurance, supplies, and educational conferences.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to May 31, 2023, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through September 15, 2023, the date these financial statements were available to be issued.