

**Audited Financial Statements
and Other Information**



May 31, 2023

Quigley & Miron

**Assistance League of Diablo Valley
Audited Financial Statements and Other Information
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May 31, 2023**

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Independent Auditor's Report

Board of Directors
Assistance League of Diablo Valley
Walnut Creek, California

Opinion

We have audited the accompanying financial statements of Assistance League of Diablo Valley (ALDV), a nonprofit organization, which comprise the statement of financial position as of May 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance League of Diablo Valley as of May 31, 2023, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of ALDV and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

Other Information — Consolidating Schedule of Activities

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The *Consolidating Schedule of Activities* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ALDV's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

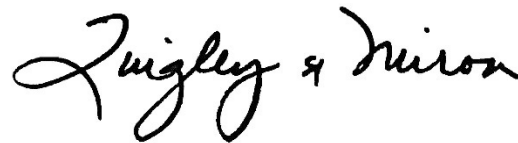
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ALDV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ALDV's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Assistance League of Diablo Valley's May 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Campbell, California
September 6, 2023



Assistance League of Diablo Valley
Statement of Financial Position
May 31, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents—Note 3	\$ 321,716	\$ 312,385
Investments—Note 5	1,447,836	1,210,578
Grants and contributions receivable—Note 6	122,689	148,411
Inventory—Note 7	140,559	115,501
Prepaid expenses and other assets	44,155	73,836
Property and equipment, net—Note 8	280,179	272,721
Total Assets	<u>\$ 2,357,134</u>	<u>\$ 2,133,432</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 5,665	\$ 4,776
Scholarships payable—Note 9	252,500	216,034
Salaries and employee benefits payable	2,523	2,406
Deferred dues	32,490	31,210
Total Liabilities	<u>293,178</u>	<u>254,426</u>
Net Assets		
Without donor restrictions		
Undesignated	1,767,106	1,618,720
Board-designated for future capital needs	50,000	50,000
Total Net Assets Without Donor Restrictions	<u>1,817,106</u>	<u>1,668,720</u>
With donor restrictions—Note 10	246,850	210,286
Total Net Assets	<u>2,063,956</u>	<u>1,879,006</u>
Total Liabilities and Net Assets	<u>\$ 2,357,134</u>	<u>\$ 2,133,432</u>

See notes to the financial statements.

Assistance League of Diablo Valley
Statement of Activities
Year Ended May 31, 2023
(with summarized comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Operating Activities				
Revenue and Public Support				
Thrift shop revenue				
Contributions of merchandise	\$ 544,648	\$	\$ 544,648	\$ 466,872
Sales of donated merchandise	536,878		536,878	467,504
Less value of merchandise sold	(534,995)		(534,995)	(463,033)
Thrift Shop Revenue, Net	546,531		546,531	471,343
Fundraising events—Note 12				
Gross revenue	9,613		9,613	8,089
Less cost of direct benefits to donors	(518)		(518)	(661)
Fundraising Events, Net	9,095		9,095	7,428
Membership dues	34,497		34,497	33,706
Interest and dividends	32,655		32,655	8,507
Grants and contributions	276,201	124,211	400,412	384,189
In-kind contributions—Note 11	32,168		32,168	42,130
Net assets released from restrictions	87,647	(87,647)		
Total Revenue and Public Support	1,018,794	36,564	1,055,358	947,303
Expenses				
Program services				
Operation School Bell®	306,444		306,444	275,375
Community Needs	122,158		122,158	81,693
Scholarships	244,089		244,089	209,118
Total Program Services	672,691		672,691	566,186
Supporting services				
Management and general	102,504		102,504	85,272
Thrift shop	75,186		75,186	78,597
Membership and fund development	20,559		20,559	19,635
Total Expenses	870,940		870,940	749,690
Change in Net Assets from Operations	147,854	36,564	184,418	197,613
Nonoperating Activities				
Investment return, net	532		532	(9,895)
Total Nonoperating Activities	532		532	(9,895)
Change in Net Assets	148,386	36,564	184,950	187,718
Net Assets at Beginning of Year	1,668,720	210,286	1,879,006	1,691,288
Net Assets at End of Year	\$ 1,817,106	\$ 246,850	\$ 2,063,956	\$ 1,879,006

See notes to financial statements.

Assistance League of Diablo Valley
Statement of Functional Expenses
Year Ended May 31, 2023
(with summarized comparative totals for 2022)

	Program Services				Supporting Services					2023 Total	2022 Total
	Operation School Bell®	Community Needs	Scholarships	Total Program Services	Management & General	Thrift Shop	Membership and Fund Development	Fundraising Events	Total Supporting Services		
Salaries and benefits	\$ 9,075	\$ 2,866	\$ 7,164	\$ 19,105	\$ 28,657	\$	\$	\$	\$ 28,657	\$ 47,762	\$ 29,501
Value of merchandise sold						534,995			534,995	534,995	463,033
Direct program supplies	268,935	103,433		372,368						372,368	303,804
Scholarships			229,270	229,270						229,270	195,620
Occupancy											
Repairs and maintenance	5,976	4,749	2,189	12,914	8,575	12,005			20,580	33,494	49,424
Utilities	3,021	2,723	1,310	7,054	5,063	18,714			23,777	30,831	29,580
Rent	3,142	6,405	3,353	12,900	14,118	3,772			17,890	30,790	29,025
Insurance	2,123	1,139	430	3,692	1,810	5,668			7,478	11,170	10,668
Property tax					1,062	5,427			6,489	6,489	6,405
Professional services					31,818				31,818	31,818	17,664
Depreciation	13,706			13,706		4,875			4,875	18,581	17,566
National dues							16,240		16,240	16,240	15,790
Bank and card fees					175	15,633			15,808	15,808	11,688
Merchandising and fundraising					273	7,818	480		8,571	8,571	9,228
Office supplies	295	653	373	1,321	4,063	420			4,483	5,804	8,135
Other					4,582		68		4,650	4,650	5,295
Membership and hospitality							3,771		3,771	3,771	3,711
Public relations					1,666	854			2,520	2,520	2,041
Education and seminars	171	190		361	642				642	1,003	4,545
Cost of direct benefit to donors								518	518	518	661
Total Expenses by Function	306,444	122,158	244,089	672,691	102,504	610,181	20,559	518	733,762	1,406,453	1,213,384
Less expenses included in revenue on statement of activities											
Value of merchandise sold						(534,995)			(534,995)	(534,995)	(463,033)
Cost of direct benefits to donors								(518)	(518)	(518)	(661)
Totals	\$ 306,444	\$ 122,158	\$ 244,089	\$ 672,691	\$ 102,504	\$ 75,186	\$ 20,559	\$	\$ 198,249	\$ 870,940	\$ 749,690

See notes to financial statements.

Assistance League of Diablo Valley
Statement of Cash Flows
Year Ended May 31, 2023
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 184,950	\$ 187,718
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,581	17,566
Investment (gain) loss	(3,208)	7,060
Changes in operating assets and liabilities:		
Grants and contributions receivable	25,722	29,271
Inventory	(25,058)	92,593
Prepaid expenses and other assets	29,681	(42,247)
Accounts payable and accrued liabilities	889	2,453
Scholarships payable	36,466	10,567
Salaries and employee benefits payable	117	1,015
Deferred dues	1,280	420
Net Cash Provided by Operating Activities	<u>269,420</u>	<u>306,416</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(26,039)	(6,876)
Proceeds from sales and maturities of investments	816,145	592,667
Purchases of investments	(1,050,195)	(1,046,740)
Net Cash Used in Investing Activities	<u>(260,089)</u>	<u>(460,949)</u>
Net Change in Cash and Cash Equivalents	9,331	(154,533)
Cash and Cash Equivalents at Beginning of Year	<u>312,385</u>	<u>466,918</u>
Cash and Cash Equivalents at End of Year	<u>\$ 321,716</u>	<u>\$ 312,385</u>
Supplemental Disclosures		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to financial statements.

Assistance League of Diablo Valley
Notes to Financial Statements
May 31, 2023

Note 1—Organization

Organization—Assistance League of Diablo Valley (ALDV) is a nonprofit organization, incorporated under the laws of the State of California, and is governed by a volunteer Board of Directors. ALDV is one of the more than 120 chapters of Assistance League, a national nonprofit organization. In 2022-23, 469 dedicated member volunteers, including the Assisteens® Auxiliary, volunteered over 48,830 hours and touched the lives of over 10,000 people in Contra Costa County communities through its 16 philanthropic programs, resulting in a return to the community of just over 77%.

ALDV received total revenue and public support of over \$1,059,858, with revenue from the Assistance League Thrift Shop of \$546,530.

ALDV provides the following programs:

Operation School Bell®

Clothing—Provides new clothing for school children in need, referred to ALDV by local school districts.

R.E.A.D (Read, Enrich, Achieve, Discover)—Volunteers (ALDV members) read to second grade students and donate books to students, school classrooms and libraries.

Listen—Listeners (ALDV members) give teacher-selected 2nd grade students the opportunity to practice reading in order to improve their reading skills.

Elementary Arts Discovery—Art discovery lessons presented in elementary classrooms by trained ALDV members on selected artistic themes.

The Kids on the Block—Children throughout Contra Costa County learn about disabilities, cultural differences, and social problems from this international award-winning, educational support puppet program.

Sunshine Boxes—Provides shelf stable food for the weekend to identified students in selected schools in Contra Costa County.

During the year ended May 31, 2023 ALDV provided the following through Operation School Bell® programs:

- Provided new clothes for 3,319 students in grades K-12 for a total of \$155,905
- Provided 200 unhoused youth with new clothes for a cost of \$23,860
- Purchased 243 books, valued at \$1,463, for the 81 second graders who received weekly one-on-one tutoring
- Donated up to 500 boxes of weekend food per month to families in need, totaling \$69,460
- Engaged 116 school children in educational art units
- Performed educational puppet shows to 2,085 children
- Read monthly to 1,000 second graders who each also received an end of the year book for a total of \$16,082

Community Needs

Community Programs—Allows ALDV to meet a range of community needs.

Assault Survivor Kits®—Victims of sexual assault, whose clothing has been damaged or taken as evidence, are provided with essential clothing and hygiene supplies.

Baby Bags—New clothing and supplies are provided to babies of mothers determined to be in need or at risk by Contra Costa County Social Services.

Food Boxes—Groceries are provided to CalWorks families who have run out of food at month-end.

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 1—Organization—Continued

On My Way Kits—Provide necessary living supplies for foster youth transitioning from standard foster care to supported independence or emancipation.

Receiving Center Backpacks—Backpacks with emergency clothing and other supplies are provided to children waiting for placement in the foster care system.

Senior Year Sponsorships—Funds for senior year activities are provided to graduating foster youth.

Show on the Road—This program is a traveling troupe of volunteer performers who visit senior board and care facilities throughout Contra Costa County to provide innovative musical entertainment for the residents.

Telecare—Daily reassurance calls are made to homebound clients. Gifts and holiday parties are provided annually.

Outreach—Provides a flexible, rapid response strategy that addresses specific community needs and on a one-time basis.

During the year ended May 31, 2023 ALDV provided the following through Community Needs programs:

- Donated \$21,517 of food for 300 families on CalWorks
- Made over 5,300 reassurance phone calls to homebound clients
- Supplied emergency clothing to 180 survivors of assault for a cost of \$11,295 (including a \$3,494 donation from Assisteens)
- Provided backpacks with emergency supplies for 240 foster children and teens in crisis for a cost of \$14,277
- Awarded \$8,849 to 20 foster youth through high school senior year sponsorships
- Assembled 702 baby bags for infants at risk of developmental delays for a cost of \$23,836
- Provided \$557 of new infant clothing and maternity clothing for teen moms through Crossroads High School
- Provided 36 duffel bags for foster youth attaining independence in June 2022, at a cost of \$8,916

Scholarships

Community College—Scholarships for community college students transferring to a four-year college or university.

Foster Youth—Scholarships for foster youth.

High School—Scholarships for high school seniors.

Specially Funded—Scholarships for specific, specially funded purposes by external contributions.

Teacher Support—Teacher support helps teachers to enhance the learning experience for their students.

During the year ended May 31, 2023, ALDV awarded \$252,500 in scholarships to 69 young adults through their Scholarships programs.

Fundraising

ALDV's 16 philanthropic programs in Contra Costa County are supported by Assistance League Thrift Shop, located at 1621 Golden Gate Way in Lafayette; Support Kids, a direct mail fundraiser; GoFundMe; and business and community partnerships, grants, and contributions.

During the year ended May 31, 2023, the Assisteens® Auxiliary hosted two holiday parties for total of 123 disadvantaged children, assembled 150 snack packs for children and teens in crisis, sent cards to homebound seniors, labeled 800 books for schoolchildren, provided 165 hygiene kits for unhoused youth and made decorations for a local senior care facility. Assisteens® assisted in multiple areas at our thrift shop, shopped for clothing for unhoused youth assembled boxes for chapter's weekend food program, and provided 60 Warmth Packs with warm clothing to unhoused and at-risk youth.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. ALDV recognizes grants and contributions as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of ALDV and changes therein are classified and reported as follows:

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

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of ALDV and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit ALDV to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of community outreach programs and scholarship funding. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—ALDV is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, ALDV has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at May 31, 2023 and 2022. Generally, ALDV's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—ALDV considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as unrestricted income unless use of the earnings is restricted by the donor. Interest and dividend income earned on investments is recognized when received and reported as interest and dividends under revenue, gains, and other support in the statement of activities.

Grants and Contributions Receivable—Grants and contributions receivable are recognized as increases in assets, 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 grants and contributions receivable are recognized when the conditions on which they depend are substantially met.

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Inventory—ALDV maintains an inventory of new clothing 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). ALDV also maintains an inventory of used clothing and household items donated for resale by a thrift shop operated by ALDV, which is stated at its estimated fair value.

Property and Equipment—Land, building, and equipment are stated at cost when purchased, or estimated fair market value at the date of gift or bequest. ALDV depreciates its property and equipment using the straight-line method over the following estimated useful lives.

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

ALDV follows the practice of capitalizing all expenditures for property in excess of \$2,500.

Deferred Dues—Membership dues and other fees collected prior to the fiscal year to which they apply are deferred and recognized over the period to which the dues and fees relate.

Concentration of Credit Risk—Financial instruments which potentially subject ALDV to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

ALDV places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000. Conservative investment guidelines established by the Board of Directors govern ALDV investments in securities to achieve diversification of the portfolio. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, in the normal course of business, such cash balances are in excess of the FDIC/SIPC insurance limits.

While ALDV is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, ALDV's management has assessed the credit risk associated with its cash deposits and investments at May 31, 2023 and 2022 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments. However, due to the current risk and uncertainties affecting financial institutions (see Note 13), the related impact cannot be reasonably estimated at this time.

Grants and contributions receivable are due from a variety of organizations and individuals well known to ALDV, with favorable past payment histories. ALDV's management has assessed the credit risk associated with these grants and contributions receivable and has determined that a reserve against uncollectible amounts is not necessary.

Grants and Contributions—All grants and contributions are considered without donor restrictions unless specifically restricted by the grantor/donor. Grants and contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor 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 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 donor restrictions.

Note 2—Summary of Significant Accounting Policies—Continued

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

Revenue Recognition—ALDV’s revenue recognition policies are as follows:

Thrift shop revenue—Thrift shop revenue is recognized upon receipt of payment for products sold.

Fundraising events—ALDV conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of benefits received by the participants at the event. The ALDV values such benefits at the actual cost.

Membership dues—Membership dues are recognized as revenue during the period of membership.

Interest and dividend income—Interest and dividend income earned on investments is recognized when received and is reported as interest and dividends under revenue and public support in the statement of activities.

Recently Adopted Accounting Principles

Gifts-in-Kind—In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. Additional disclosures are required regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ALDV has adopted ASU No. 2020-07 for the year ended May 31, 2023 on a retrospective basis, which resulted in no change to revenue previously reported and no effect on revenue reported for the years ended May 31, 2023 and 2022.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires lessees to recognize the assets and liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, FASB issued ASU 2018-11 *Leases (Topic 842)—Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. Since ALDV has no leases with terms longer than one year, the organization adopted ASU 2016-02 for the year ended May 31, 2023 on a prospective basis.

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

In-Kind Contributions—ALDV records in-kind rent, goods, contributed securities, and services at their fair market value at the date of contribution. In-kind contributions of services are recognized if they (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

As ALDV is a volunteer-managed organization, all of the Chapter’s other functions and programs are conducted by unpaid volunteers with the exception of one part-time office employee. Every year, chapter members donate thousands of hours to philanthropic programs, fundraising and administrative services to the Chapter. During the years ended May 31, 2023 and 2022, these volunteers donated approximately 48,830 and 49,000 hours with an estimated value of \$1,504,452 and \$1,456,280, respectively. This value was computed using an estimated hourly rate of \$30.81 and \$29.72, respectively, based upon the average hourly earnings of nonagricultural workers for the time period of May 31, 2023 and 2022, respectively, as determined by the U.S. Department of Labor’s Bureau of Labor Statistics, plus 12% for estimated fringe benefits. These donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards.

Allocation of Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program services and supporting services benefitted. Occupancy and depreciation are allocated on the basis of square footage. Salaries and benefits are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to the function they benefit.

Use of Estimates—The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Comparative Totals for 2022—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation to conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ALDV's audited financial statement for the year ended May 31, 2022, from which the summarized information was derived.

Note 3—Cash and Cash Equivalents

Cash and cash equivalents at May 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Chapter checking account	\$ 300,941	\$ 282,687
Chapter money market account	15,409	26,160
Chapter strategic advisor account	5,366	3,369
Chapter Paypal account		169
Total Cash and Cash Equivalents	<u>\$ 321,716</u>	<u>\$ 312,385</u>

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 4—Availability and Liquidity

ALDV's goal is generally to maintain financial assets to meet one year of operating expenses (approximately \$715,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit, mutual funds, and equities.

The following represents the availability and liquidity of ALDV's financial assets at May 31, 2023 to cover operating expenses for the next fiscal year:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 147,505	\$ 200,510
Investments	1,447,836	1,210,578
Grants and contributions receivable	50	10,066
Current Availability of Financial Assets	<u>\$ 1,595,391</u>	<u>\$ 1,421,154</u>

To build upon its past achievements and ensure future sustainability, ALDV has a long-standing policy that requires the board to maintain net assets without donor restrictions sufficient for one year's operating expenses.

Assets held for ALDV's board designed building reserve have been excluded from the total above, although those assets could be undesignated by the board to meet cash needs if necessary.

In addition to the financial assets available noted above, ALDV has other assets that will likely be converted to cash during the normal course of the next fiscal year's operations. Such assets include ALDV's program and thrift shop inventories.

Note 5—Investments and Fair Value

In determining the fair value of investments, ALDV utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. ALDV determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to ALDV at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

ALDV may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by ALDV to value is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. ALDV had no assets or liabilities classified at NAV as a practical expedient during the years ended May 31, 2023 and 2022.

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 5—Investments and Fair Value—Continued

Investments measured on a recurring basis at May 31, 2023 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 970,765	\$	\$ 970,765	\$
Equities	259,088	259,088		
Mutual funds	217,983	217,983		
Totals	<u>\$ 1,447,836</u>	<u>\$ 477,071</u>	<u>\$ 970,765</u>	<u>\$</u>

Investments measured on a recurring basis at May 31, 2022 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 745,884	\$	\$ 745,884	\$
Equities	254,182	254,182		
Mutual funds	210,512	210,512		
Totals	<u>\$ 1,210,578</u>	<u>\$ 464,694</u>	<u>\$ 745,884</u>	<u>\$</u>

Investment return for the years ended May 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gains, net	\$ 3,208	\$ (7,060)
Investment management fees	(2,676)	(2,835)
Investment Return, Net	532	(9,895)
Interest and dividends	32,655	8,507
Total Investment Return	<u>\$ 33,187</u>	<u>\$ (1,388)</u>

Note 6—Grants and Contributions Receivable

Grants and contributions receivable at May 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Estimated value of remaining Chapter Office lease payments	\$ 158,326	\$ 186,266
Less unamortized discount	(35,687)	(47,921)
Chapter Office Lease Grant Receivable, Net	122,639	138,345
Other	50	10,066
Totals	<u>\$ 122,689</u>	<u>\$ 148,411</u>

Grants and contributions receivable at May 31, 2023 and 2022 are due as follows:

	<u>2023</u>	<u>2022</u>
Receivable due in less than one year	\$ 26,629	\$ 36,645
Receivable due in one year to five years	84,750	84,750
Receivable due in greater than five years	11,310	27,016
Totals	<u>\$ 122,689</u>	<u>\$ 148,411</u>

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 6—Grants and Contributions Receivable—Continued

In February 1989, ALDV entered into a 40-year operating lease with the City of Walnut Creek, requiring rent of one dollar per year for the use of ALDV’s 3,717 square foot Chapter Office located at the Community Resource Center. The lease grants ALDV with the right to renew the lease for three additional terms of five years each with the first extension expected to be exercised in February 2029. At May 31, 2023 and 2022, the present value of the building and land lease was \$122,639 and \$138,345, respectively, based on an annual estimated lease expense of \$27,940 and a discount rate of 9.32%.

Note 7—Inventory

Inventory at May 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Thrift shop inventory	\$ 65,198	\$ 54,392
Operation School Bell® inventory	56,221	47,664
On My Way Inventory	12,810	8,916
R.E.A.D. inventory	5,444	
Assault Survivor Kits inventory	383	213
Sunshine boxes inventory	349	
Warmth packs	154	
Baby Bags Inventory		2,138
Receiving Center inventory		1,444
Common Threads inventory		606
Listen inventory		128
Totals	<u>\$ 140,559</u>	<u>\$ 115,501</u>

Note 8—Property and Equipment, Net

Net property and equipment at May 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Building and improvements	\$ 661,072	\$ 638,277
Land	113,505	113,505
Furniture, fixtures and equipment	69,141	65,897
Total Property and Equipment	<u>843,718</u>	<u>817,679</u>
Less accumulated depreciation	(563,539)	(544,958)
Net	<u>\$ 280,179</u>	<u>\$ 272,721</u>

Total depreciation expense recorded for the years ended May 31, 2023 and 2022 was \$18,581 and \$17,566, respectively.

During the year ended May 31, 2022, ALDV disposed of \$36,026 of fully depreciated property and equipment.

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 9—Scholarships Payable

Future estimated scholarships payable at May 31, 2023 and 2022 amounted to \$252,500 and \$216,034, respectively, payable within one year.

Note 10—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended May 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Scholarships	\$ 70,040	\$
Sunshine Boxes	27,000	
Assisteens® Program	14,320	12,740
Operation School Bell®—Clothing Program	6,343	24,750
R.E.A.D. Program	3,000	1,500
Operation School Bell®—Common Threads	2,908	21,585
On My Way	600	800
Receiving center		250
Senior year sponsorships		250
	<u>124,211</u>	<u>61,875</u>
Total Subject to Purpose Restrictions		
Subject to time restrictions:		
Chapter Office in-kind lease	122,639	138,345
General operations		10,066
	<u>122,639</u>	<u>148,411</u>
Total Subject to Time Restrictions		
Total Net Assets with Donor Restrictions	<u>\$ 246,850</u>	<u>\$ 210,286</u>

Net assets released from donor restrictions for the years ended May 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Operation School Bell®—Clothing Program	\$ 24,750	\$ 16,268
Operation School Bell®—Common Threads	21,585	1,529
Assisteens® Program	12,740	10,028
R.E.A.D. Program	1,500	6,142
On My Way	800	
Scholarships	250	750
Senior year sponsorships	250	96
Sunshine Boxes		15,046
Receiving center		100
	<u>61,875</u>	<u>49,959</u>
Total Satisfaction of Purpose Restrictions		
Satisfaction of time restrictions:		
Chapter Office in-kind lease	15,706	14,313
General operations	10,066	
	<u>25,772</u>	<u>14,313</u>
Total Satisfaction of Time Restrictions		
Total Net Assets Released from Donor Restrictions	<u>\$ 87,647</u>	<u>\$ 64,272</u>

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 11—In-Kind Contributions

For the years ended May 31, 2023 and 2022, in addition to in-kind contributions of merchandise to the thrift shop of \$544,648 and \$466,872, respectively, ALDV recognized the following in-kind contributions:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 12,868	\$
Rent	12,234	13,627
Contributed securities	5,272	25,091
Direct program supplies—Chapter	1,404	290
Merchandising and fundraising	330	
Direct program supplies—Assisteens®	50	
Office supplies	10	33
Gift cards		2,500
Repairs and maintenance		517
Public relations		72
	<u> </u>	<u> </u>
Totals	\$ 32,168	\$ 42,130

Professional legal service were provided free of charge at an approximate billing rate of \$600 per hour for an estimated 21.5 hours. Rent is valued at an estimated market rental rate for comparable facilities, at the rate of \$7.52 per square foot annually. Contributed securities are valued at fair market value at time of donation. Direct program supplies, merchandising and fundraising, office supplies, gift cards, repairs and maintenance, and public relations are valued at actual cost incurred by the donor. The organization uses the in-kind direct program supplies, merchandising and fundraising, office supplies, gift cards, repairs and maintenance, and public relations as part of its programs and management and general activities. In-kind contributions have no donor-imposed restrictions unless otherwise noted.

Assistance League of Diablo Valley
Notes to Financial Statements—Continued

Note 12—Fundraising Events Revenue

ALDV conducts various fundraising events and activities to help fund current operations. Fundraising event activity for the years ended May 31, 2023 and 2022 consists of the following:

	<u>Revenues</u>	<u>Cost of Direct Benefits to Attendees</u>	<u>Event Revenue, Net</u>
2023:			
Assisteens® fashion show	\$ 4,479	\$ (518)	\$ 3,961
Macy's fashion show	2,140		2,140
Assisteens® other fundraisers	1,531		1,531
Bingo	960		960
Restaurant fundraisers	369		369
Other miscellaneous	134		134
	<u>Totals</u>	<u>\$ (518)</u>	<u>\$ 9,095</u>
	<u>\$ 9,613</u>		
2022:			
Assisteens® fashion show	\$ 3,760	\$ (484)	\$ 3,276
Macy's fashion show	2,085	(177)	1,908
Assisteens® other fundraisers	1,451		1,451
Restaurant fundraisers	762		762
Other miscellaneous	31		31
	<u>Totals</u>	<u>\$ (661)</u>	<u>\$ 7,428</u>
	<u>\$ 8,089</u>		

Note 13—Risks and Uncertainties

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As noted in Note 2, at times, ALDV maintains cash and cash equivalents and investment balances in excess of federally insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

Note 14—Subsequent Events

Management has evaluated subsequent events through September 6, 2023, which is the date the financial statements were available to be issued, and it was concluded that no subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

Assistance League of Diablo Valley
Other Information—Consolidating Schedule of Activities
Year Ended May 31, 2023
(with comparative totals for 2022)

	Chapter	Assisteens®	Eliminations	2023 Total	2022 Total
Operating Activities					
Revenue and Public Support					
Thrift shop revenue					
Contributions of merchandise	\$ 544,648	\$	\$	\$ 544,648	\$ 466,872
Sales of donated merchandise	536,878			536,878	467,504
Less value of merchandise sold	(534,995)			(534,995)	(463,033)
Thrift Shop Revenue, Net	546,531			546,531	471,343
Grants and contributions	393,179	11,733	(4,500)	400,412	384,189
In-kind contributions—Note 11	31,788	380		32,168	42,130
Fundraising events revenue—Note 12	3,602	6,011		9,613	8,089
		(518)		(518)	(661)
Thrift Shop Revenue, Net	3,602	5,493		9,095	7,428
Membership dues	32,363	2,134		34,497	33,706
Interest and dividends	32,655			32,655	8,507
Total Revenue and Public Support	1,040,118	19,740	(4,500)	1,055,358	947,303
Expenses					
Program services					
Operation School Bell®	306,444			306,444	275,375
Community Needs	105,540	16,618		122,158	81,693
Scholarship	244,089			244,089	209,118
Total Program Services	656,073	16,618		672,691	566,186
Supporting services					
Management and general	102,504			102,504	85,272
Thrift shop	75,186			75,186	78,597
Membership and fund development	23,517	1,542	(4,500)	20,559	19,635
Total Expenses	857,280	18,160	(4,500)	870,940	749,690
Change in Net Assets from Operations	182,838	1,580		184,418	197,613
Nonoperating Activities					
Investment return, net	532			532	(9,895)
Total Nonoperating Activities	532			532	(9,895)
Change in Net Assets	183,370	1,580		184,950	187,718
Net Assets at Beginning of Year	1,880,586	(1,580)		1,879,006	1,691,288
Net Assets at End of Year	\$ 2,063,956	\$	\$	\$ 2,063,956	\$ 1,879,006

See notes to financial statements.