

ASSISTANCE LEAGUE® OF TUCSON, INC.

April 30, 2011

(See Accountants' Review Report)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Assistance League® of Tucson, Inc.  
Tucson, Arizona

We have reviewed the accompanying statement of financial position of the Assistance League of Tucson, Inc. as of April 30, 2011 and the related statement of activities, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such as opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Supplemental Consolidating Statement of Activities is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

July 14, 2011

*David A. Denomy, P.C.*

ASSISTANCE LEAGUE® OF TUCSON, INC.

Statement of Financial Position

April 30, 2011

(With Comparative Totals for 2010)

(See Accountants' Review Report)

	<u>2011</u>	<u>2010</u>
<b>Assets:</b>		
Cash and cash equivalents (Note 2)	\$ 935,761	\$ 850,793
Prepaid expenses	1,052	4,196
Inventories (Note 3)	77,732	92,149
Property and equipment (Note 4)	<u>1,496,280</u>	<u>1,542,341</u>
 Total assets	 <u>\$ 2,510,825</u>	 <u>\$ 2,489,479</u>
<b>Liabilities:</b>		
Accrued expenses	\$ 1,519	\$ 521
Deferred dues revenue	<u>21,505</u>	<u>17,770</u>
Total liabilities	<u>23,024</u>	<u>18,291</u>
<b>Net assets (Note 6):</b>		
Unrestricted	2,457,701	2,432,758
Temporarily restricted	30,100	38,430
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>2,487,801</u>	<u>2,471,188</u>
 Total liabilities and net assets	 <u>\$ 2,510,825</u>	 <u>\$ 2,489,479</u>

The accompanying notes are an integral part of these financial statements.

ASSISTANCE LEAGUE® OF TUCSON, INC.

Statement of Activities

Year Ended April 30, 2011  
(With Comparative Totals for 2010)

(See Accountants' Review Report)

	Year Ended April 30, 2011			Total	Year Ended April 30, 2010 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenues:					
Fundraising					
Thrift shop revenue:					
Contributions of merchandise	\$ 245,600	-	-	245,600	238,544
Sales of donated merchandise	243,877	-	-	243,877	218,746
Less: value of merchandise sold	(243,877)	-	-	(243,877)	(218,746)
Net revenue from thrift shop	245,600	-	-	245,600	238,544
Special events revenue and other fundraising activities revenue (Note 7)	93,867	-	-	93,867	111,838
Less: cost of direct benefits to attendees	(29,194)	-	-	(29,194)	(34,194)
Net revenue from special events and other fundraising activities	64,673	-	-	64,673	77,644
Contributions, grants and capital campaign	220,073	-	-	220,073	213,177
Membership	26,870	-	-	26,870	27,633
Interest income	2,236	69	-	2,305	1,569
Net assets released from restrictions:					
Satisfaction of purpose restrictions	8,399	(8,399)	-	-	-
Expiration of time restrictions	-	-	-	-	-
Total support and revenues	567,851	(8,330)	-	559,521	558,567
Expenses:					
Program services:					
Operation School Bell®	312,638	-	-	312,638	307,449
Starting Over Supplies	72,032	-	-	72,032	82,557
Teddy Bear Program	10,035	-	-	10,035	13,451
Other programs (Note 8)	35,552	-	-	35,552	31,743
Total program service expense	430,257	-	-	430,257	435,200
Supporting services:					
Fundraising:					
Thrift shop	48,661	-	-	48,661	46,504
Other special event costs (Note 7)	4,906	-	-	4,906	5,122
Management and general	42,604	-	-	42,604	35,098
Membership development	16,480	-	-	16,480	17,889
Total supporting services expenses	112,651	-	-	112,651	104,613
Total expenses	542,908	-	-	542,908	539,813
Change in net assets	24,943	(8,330)	-	16,613	18,754
Net assets, beginning of year	2,432,758	38,430	-	2,471,188	2,452,434
Net assets, end of year	\$ 2,457,701	30,100	-	2,487,801	2,471,188

The accompanying notes are an integral part of these financial statements.

ASSISTANCE LEAGUE® OF TUCSON, INC.

Statement of Cash Flows

Year Ended April 30, 2011  
(With Comparative Totals for 2010)

(See Accountants' Review Report)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 16,613	\$ 18,754
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	51,480	54,337
(Increase) decrease in prepaid expenses and inventories	17,561	17,039
Increase (decrease) in accrued expenses	998	(81,252)
Increase (decrease) in deferred dues and other deferred revenue	<u>3,735</u>	<u>334</u>
Net cash provided (used) by operating activities	<u>90,387</u>	<u>9,212</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(5,419)</u>	<u>(56,550)</u>
Net cash provided (used) by investing activities	<u>(5,419)</u>	<u>(56,550)</u>
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net cash in cash and cash equivalents	84,968	(47,338)
Cash and cash equivalents at beginning of year	<u>850,793</u>	<u>898,131</u>
Cash and cash equivalents at end of year	<u>\$ 935,761</u>	<u>\$ 850,793</u>

The accompanying notes are an integral part of these financial statements.

ASSISTANCE LEAGUE OF TUCSON, INC.  
Statement of Functional Expenses  
Year Ended April 30, 2011  
(With Comparative Totals For 2010)  
(See Accountant's Review Report)

	Program Services										Supporting Services				April 30, 2010 Total Expenses
	Operation School Bell	Starting Over Supplies	Teddy Bear Program	Other Programs (Note 8)	Total Program Services	Thrift Shop	Special Events	Management and Development		Total Supporting Services	Total Expenses				
								General							
Depreciation	\$ 28,671	8,077	3,231	404	40,383	7,444	-	3,653	-	11,097	51,480	54,337			
Education	332	94	37	5	468	-	-	2,651	-	2,651	3,119	2,333			
Insurance-directors	-	-	-	-	-	-	-	1,222	-	1,222	1,222	1,375			
Member activities	-	-	-	-	-	-	-	-	2,773	2,773	2,773	3,522			
NAL convention and meetings	-	-	-	-	-	-	-	490	-	490	490	450			
NAL dues	-	-	-	-	-	-	-	-	10,898	10,898	10,898	10,975			
Occupancy:	-	-	-	-	-	-	-	-	-	-	-	-			
Utilities and monthly services	10,595	4,816	482	161	16,054	17,253	-	3,181	-	20,434	36,488	36,019			
Repairs and maintenance	9,058	4,117	412	137	13,724	11,742	-	3,355	-	15,097	28,821	26,340			
Insurance	4,935	1,645	-	-	6,580	3,948	-	2,632	-	6,580	13,160	12,349			
Office supplies	1,255	353	141	18	1,767	548	-	1,656	-	2,204	3,971	3,994			
Officers and committees	-	-	-	-	-	-	-	-	2,184	2,184	2,184	2,557			
Other	-	-	-	-	-	2,767	-	3,890	-	6,657	6,657	4,052			
Postage	163	-	100	-	263	-	-	1,339	255	1,594	1,857	2,754			
Printing	1,162	-	104	-	1,266	199	-	5,142	370	5,711	6,977	7,813			
Professional services	-	-	-	-	-	-	-	5,350	-	5,350	5,350	6,425			
Program supplies/expenses	256,467	52,930	5,528	34,827	349,752	-	-	-	-	-	349,752	352,917			
Public relations and advertising	-	-	-	-	-	-	-	8,043	-	8,043	8,043	1,229			
Selling expenses and hauling	-	-	-	-	-	4,760	-	-	-	4,760	4,760	5,250			
Supplies and costs	-	-	-	-	-	243,877	35,100	-	-	278,977	278,977	258,062			
Total expenses	312,638	72,032	10,035	35,552	430,257	292,538	35,100	42,604	16,480	386,722	816,979	792,753			
Less expenses included with revenue on statement of activities	-	-	-	-	-	(243,877)	(30,194)	-	-	(274,071)	(274,071)	(252,940)			
Total expenses per statement of activities	\$ 312,638	72,032	10,035	35,552	430,257	48,661	4,906	42,604	16,480	112,651	542,908	539,813			

(The accompanying notes are an integral part of these financial statements)

ASSISTANCE LEAGUE® OF TUCSON, INC.

Notes to Financial Statements

April 30, 2011

(See Accountants' Review Report)

(1) Summary of Significant Accounting Policies

Nature of Activity

Assistance League of Tucson, Inc. (the chapter) is a nonprofit corporation and is a chartered chapter of National Assistance League. The accompanying financial statements include the activities of Assistance League of Tucson and its auxiliaries: Assisteens® and the Professional Association of Women's Services (P.A.W.S.) (collectively, the chapter). The chapter provides the following programs:

- Operation School Bell® program provides new clothing, shoes, books, school supplies and grooming items to elementary school students in the Tucson area school districts.
- The Starting Over Supplies program provides new basic household supplies and grooming items to individuals and families who are starting over.
- The Teddy Bear Program provides stuffed animals to law enforcement and emergency personnel to give to children in crisis situations.
- Assisteens® Helping Tucson Teens program provides support to middle schools through donations of supplies to the arts and physical education departments of selected schools in the Tucson area.
- Other chapter programs includes Assault Survivor Kits® and Pass It On.

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

Basis of Accounting

The financial statements of the chapter have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the chapter is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the chapter's financial statements for the year ended April 30, 2010, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking and money market accounts, time deposits, certificates of deposit and all highly liquid investments with original maturities of three months or less.

ASSISTANCE LEAGUE® OF TUCSON, INC.

Notes to Financial Statements

April 30, 2011

(See Accountants' Review Report)

(1) Summary of Significant Accounting Policies - (continued)

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.

Inventories

The chapter maintains an inventory of new clothing and shoes for use in its Operation School Bell®, household items for Starting Over Supplies (SOS) and various items for use by the PAWS auxiliary programs. These inventories are stated at the lower of cost or market determined by the first-in, first-out method. Inventory held for sale in the chapter's thrift shop is valued at its estimated fair value.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the chapter to concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Cash and cash equivalents are maintained at high-quality financial institutions. All accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The chapter has not experienced any losses on its cash or cash equivalents.

Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. The chapter provides for depreciation and amortization of property and equipment by use of the straight-line method over the estimated useful lives as follows:

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

Deferred Revenue

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

Contributions

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

Donated Services

Significant materials and services are donated to the chapter by various individuals, corporations and other organizations. Donated materials of \$243,877 in 2011 are reflected in the accompanying financial statements at their fair values at the date of donation. The donated materials consisted primarily of clothing and household items donated by chapter members and others for resale by a thrift shop operated by the chapter.

ASSISTANCE LEAGUE® OF TUCSON, INC.

Notes to Financial Statements

April 30, 2011

(See Accountants' Review Report)

(1) Summary of Significant Accounting Policies - (continued)

Donated Services – (continued)

In addition, the chapter's functions and programs are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended April 30, 2011, these volunteers donated approximately 50,573 hours with an estimated value of \$1,087,320. This value was computed using an estimated hourly rate of \$21.50, based upon the average hourly earnings of nonagricultural workers of \$19.20, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

Tax Status

The chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the chapter qualified 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.

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.

Advertising Costs

Advertising costs are expensed as incurred.

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.

(2) Cash and Cash Equivalents

Cash and cash equivalent at April 30, 2011 consist of the following:

Cash on hand	\$	500
Checking accounts:		
Bank of Tucson		203,389
Chase		32
Compass Bank (Assisteens)		49,111
Northern Trust Bank		156,270
Wells Fargo Bank (PAWS)		19,291
Total checking accounts		<u>428,093</u>
Savings accounts:		
Chase		45,904
Merrill Lynch		348,953
Bank of Tucson		90,303
Wells Fargo Bank (PAWS)		22,008
Total savings accounts		<u>507,168</u>
Total cash and cash equivalents	\$	<u><u>935,761</u></u>

ASSISTANCE LEAGUE® OF TUCSON, INC.

Notes to Financial Statements

April 30, 2011

(See Accountants' Review Report)

(3) Inventories

Inventories at April 30, 2011 consist of the following:

New clothing and shoes for use in Operation School Bell program	\$ 37,341
Household goods and supplies for use in SOS program	5,576
Stuffed bears for use in Bears program	2,400
Used clothing and household items held for sale at Thrift Shop	32,415
Total inventories	<u>\$ 77,732</u>

(4) Property and Equipment

Property and equipment consist of the following at April 30, 2011:

Land	\$ 446,326
Buildings and improvements	2,090,918
Furniture and equipment	97,007
	<u>2,634,251</u>
Less accumulated depreciation	<u>(1,137,971)</u>
Total property and equipment, net	<u>\$ 1,496,280</u>

(5) Leases

The chapter signed a lease for office equipment in August, 2007. This operating lease expires in August, 2012. Rental expense under this lease was \$1,293 for the year ended April 30, 2011. Minimum future rental payments due under the new lease at April 30, 2011 are summarized as follows:

For the year ending April 30:

2012	\$ 1,284
2013	428
2014	-
2015	-
2016	-
	<u>\$ 1,712</u>

(6) Net Assets

At April 30, 2011, net assets were restricted by donors or designated by the chapter as follows:

Unrestricted net assets:	
Designated for future operating needs	\$ 563,783
Undesignated	1,893,918
Total unrestricted net assets	<u>2,457,701</u>
Temporarily restricted for:	
Purchase of property and equipment	30,100
Total temporarily restricted net assets	<u>30,100</u>
Total net assets	<u>\$ 2,487,801</u>

ASSISTANCE LEAGUE® OF TUCSON, INC.

Notes to Financial Statements

April 30, 2011

(See Accountants' Review Report)

(7) Special Events and Other Fundraising Activities

The chapter conducts various special events and other fundraising activities to help fund current operations. The revenue and related expenses from such events and other fundraising activities for the year ending April 30, 2011 are as follows:

Event/Activity	Revenue	Direct Costs		Other Costs	Net Revenue
		Cost of Merchandise Sold	Cost of Direct Benefits to Attendees		
Tux'N Boots® Gala/ Silent Auction	\$ 52,467	-	13,670	3,539	35,258
Bridge Marathon & Other	750	-	-	212	538
Teddy Bear Tea	10,005	-	3,427	460	6,118
Fashion Show - Assisteens	30,645	-	12,097	695	17,853
	<u>\$ 93,867</u>	<u>-</u>	<u>29,194</u>	<u>4,906</u>	<u>59,767</u>

(8) Other Programs

The other program services included in the Statement of Functional Expenses for the year ended April 30, 2011 are as follows:

Assault Survivor Kits®	\$ 2,827
Assisteen Programs	9,874
Pass It On	21,585
Education Project/Child Advocacy (PAWS)	1,266
	<u>\$ 35,552</u>

(9) Subsequent Events

Management has evaluated subsequent events through July 14, 2011, the date on which the financial statements were available to be issued.

(10) Noncash Contributions

During the year ended April 30, 2011, in addition to contributions of merchandise to the chapter's thrift shop, the chapter received other noncash contributions of materials and services that have been reflected in the financial statements of the chapter as program supplies, \$473; and operating supplies, \$4,475.

OTHER FINANCIAL INFORMATION

ASSISTANCE LEAGUE® OF TUCSON, INC.

Supplemental Consolidating Statement of Activities

Year Ended April 30, 2011

(See Accountants' Review Report)

	Chapter	PAWS	Assisteens	Eliminations	Total
Support and revenues:					
Fundraising:					
Thrift shop revenue:					
Contributions of merchandise	\$ 245,600	-	-	-	245,600
Sales of donated merchandise	243,877	-	-	-	243,877
Less: value of merchandise sold	(243,877)	-	-	-	(243,877)
Net revenue from thrift shop	245,600	-	-	-	245,600
Special events revenue and other fundraising activities revenue (Note 7)	53,217	10,005	30,645	-	93,867
Less: cost of direct benefits to attendees	(14,670)	(3,427)	(12,097)	1,000	(29,194)
Net revenue from special events and other fundraising activities	38,547	6,578	18,548	1,000	64,673
Contributions, grants and capital campaign:					
Unrestricted	214,570	6,503	-	(1,000)	220,073
Temporarily restricted	-	-	-	-	-
Permanently restricted	-	-	-	-	-
Membership	21,295	2,700	5,050	(2,175)	26,870
Interest income	2,294	11	-	-	2,305
Net assets released from restrictions:					
Increase in unrestricted	-	-	-	-	-
Decrease in temporarily restricted	-	-	-	-	-
Total support and revenues	522,306	15,792	23,598	(2,175)	559,521
Expenses:					
Program services:					
Operation School Bell®	312,638	-	-	-	312,638
Starting Over Supplies	72,032	-	-	-	72,032
Teddy Bear Program	4,303	5,732	-	-	10,035
Other programs	24,412	1,266	9,874	-	35,552
Total program services expenses	413,385	6,998	9,874	-	430,257
Supporting services:					
Fundraising:					
Thrift shop	48,661	-	-	-	48,661
Other special events costs	3,751	460	695	-	4,906
Management and general	42,032	523	49	-	42,604
Membership development	13,782	1,367	3,506	(2,175)	16,480
Total supporting services expenses	108,226	2,350	4,250	(2,175)	112,651
Total expenses	521,611	9,348	14,124	(2,175)	542,908
Change in net assets	695	6,444	9,474	-	16,613
Net assets at beginning of year, as restated	2,399,492	35,878	35,818	-	2,471,188
Net assets at end of year	\$ 2,400,187	42,322	45,292	-	2,487,801