



ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED MAY 31, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2019)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Assistance League® Omaha, Nebraska, Inc.
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the Assistance League® Omaha, Nebraska, Inc. (the League), a non-profit organization, which comprise the statement of financial position as of May 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the League as of May 31, 2020, and the changes in its net assets and its cash flows for the year than ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of Assistance League® Omaha, Nebraska, Inc. for the year ended May 31, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BLAND + ASSOCIATES, P.C.

Omaha, Nebraska
October 11, 2020

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
STATEMENTS OF FINANCIAL POSITION
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2019)

ASSETS	May 31,	
	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 588,453	\$ 1,066,065
Investments	3,636	145,642
Other Investments	-	203,344
Prepaid Expenses	92,000	33,000
Inventory	75,878	66,195
Total Current Assets	759,967	1,514,246
PROPERTY AND EQUIPMENT, NET	1,575,664	52,408
OTHER ASSETS		
Escrow Deposit	-	15,000
Permanently Restricted Investments	50,327	50,327
Total Other Assets	50,327	65,327
	\$ 2,385,958	\$ 1,631,981
LIABILITIES AND NET ASSETS	May 31,	
	2020	2019
CURRENT LIABILITIES		
Accounts Payable	\$ 46,932	\$ 2,658
Accrued Expenses	10,000	10,670
Current Portion of Long-Term Debt	15,118	-
Total Current Liabilities	72,050	13,328
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Portion	584,882	-
Total Liabilities	656,932	13,328
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,107,549	703,431
Designated by Board of Directors for Future Operating Needs	571,150	591,140
Total Without Donor Restrictions	1,678,699	1,294,571
With Donor Restrictions		
Perpetual in Nature	50,327	50,327
Purpose Restrictions	-	273,755
Total With Donor Restrictions	50,327	324,082
Total Net Assets	1,729,026	1,618,653
	\$ 2,385,958	\$ 1,631,981

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

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019)

	Years Ended May 31,			
	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING REVENUES AND SUPPORT				
Fundraising				
Thrift Shop Revenue				
Contributions of Merchandise	\$ 95,637	\$ -	\$ 95,637	\$ 112,408
Sales of Donated Merchandise	87,710	-	87,710	117,182
Less: Value of Merchandise Sold	<u>(87,710)</u>	-	<u>(87,710)</u>	<u>(117,182)</u>
Net Revenue from Thrift Shop	95,637	-	95,637	112,408
Special Events Revenue	148,183	-	148,183	165,759
Less: Cost of Direct Benefit to Attendees	<u>(12,307)</u>	-	<u>(12,307)</u>	<u>(14,989)</u>
Net Revenue from Special Events	135,876	-	135,876	150,770
Other Revenues and Support				
Contributions and Grants	434,298	-	434,298	557,662
Membership	28,699	-	28,699	28,572
Investment Return	10,121	-	10,121	2,765
Program Service Revenue	92	-	92	2,945
Other Revenue	<u>3,940</u>	-	<u>3,940</u>	<u>3,731</u>
Total Other Revenues and Support	477,150	-	477,150	595,675
Net Assets Released from Restriction				
Satisfaction of Program Restrictions	<u>273,755</u>	<u>(273,755)</u>	-	-
Total Net Assets Released from Restriction	<u>273,755</u>	<u>(273,755)</u>	-	-
Total Operating Revenues and Support	982,418	(273,755)	708,663	858,853
OPERATING EXPENSES				
Program Services	409,956	-	409,956	410,594
Supportive Services	<u>188,334</u>	-	<u>188,334</u>	<u>125,530</u>
Total Operating Expenses	598,290	-	598,290	536,124
CHANGES IN NET ASSETS	384,128	(273,755)	110,373	322,729
NET ASSETS - BEGINNING OF YEAR	<u>1,294,571</u>	<u>324,082</u>	<u>1,618,653</u>	<u>1,295,924</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,678,699</u></u>	<u><u>\$ 50,327</u></u>	<u><u>\$ 1,729,026</u></u>	<u><u>\$ 1,618,653</u></u>

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

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019)

	Program Services					Supporting Services					Totals	
	Operation School Bell	ACT PSAT Course Review	Assault Survivor Kits	Other Programs	Total Program Services	Management and General	Membership Development	Fundraising Thrift Store	Fundraising Other Events	Total Supporting Services	2020	2019
Program Supplies	\$ 332,803	\$ 533	\$ 7,788	\$ 11,020	\$ 352,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,144	\$ 367,072
Cost/Value of Merchandise Sold	-	-	-	-	-	-	-	87,710	35,347	123,057	123,057	145,454
Depreciation	2,276	-	-	7,208	9,484	3,794	-	24,660	-	28,454	37,938	11,136
Repairs and Maintenance	3,513	-	9,484	1,055	14,052	3,513	-	17,565	-	21,078	35,130	13,944
Interest	-	-	-	-	-	-	24,400	-	-	24,400	24,400	-
Fundraising Supplies	-	-	-	-	-	-	-	-	20,622	20,622	20,622	27,033
Utilities	1,993	-	5,381	598	7,972	1,993	-	9,965	-	11,958	19,930	12,718
Professional Services	1,816	1,020	4,906	545	8,287	1,817	-	9,085	-	10,902	19,189	38,332
Insurance	1,819	-	4,912	546	7,277	1,819	-	9,098	-	10,917	18,194	9,012
National Dues	-	-	-	-	-	-	13,280	-	-	13,280	13,280	12,800
Office Supplies	1,086	-	2,932	326	4,344	1,086	-	5,431	-	6,517	10,861	8,010
National Convention	728	-	1,966	218	2,912	728	-	3,641	-	4,369	7,281	3,138
Postage and Printing	-	-	-	-	-	-	-	-	5,160	5,160	5,160	2,061
Public Relations	424	-	1,145	127	1,696	424	-	2,121	-	2,545	4,241	4,284
Miscellaneous	329	-	890	99	1,318	329	-	1,647	-	1,976	3,294	7,881
Meetings	-	-	-	-	-	-	2,406	-	-	2,406	2,406	3,651
Equipment Rental	116	-	313	35	464	116	-	581	-	697	1,161	1,216
Education	2	-	4	-	6	2	2	9	-	13	19	553
Total Expenses	346,905	1,553	39,721	21,777	409,956	15,621	40,088	171,513	61,129	288,351	698,307	668,295
Less Expenses Included Within Revenue on Statement of Activities	-	-	-	-	-	-	-	(87,710)	(12,307)	(100,017)	(100,017)	(132,171)
TOTAL FUNCTIONAL EXPENSES	\$ 346,905	\$ 1,553	\$ 39,721	\$ 21,777	\$ 409,956	\$ 15,621	\$ 40,088	\$ 83,803	\$ 48,822	\$ 188,334	\$ 598,290	\$ 536,124

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
STATEMENTS OF CASH FLOWS
(WITH COMPARATIVE FINANCIAL INFORMATION FOR 2019)

	Years Ended May 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 110,373	\$ 322,729
Adjustment to Reconcile Changes in Net Assets to Net Cash		
Provided By Operating Activities:		
Depreciation	37,938	11,136
Realized Gain on Investments	(30,584)	-
Unrealized Loss on Investments	24,826	10,090
(Increase) Decrease in Current Assets:		
Unconditional Promises to Give	-	93,400
Prepaid Expenses	(59,000)	1,453
Inventory	(9,683)	6,286
Increase (Decrease) in Current Liabilities:		
Accounts Payable	44,274	2,432
Accrued Expenses	(670)	10,670
Net Cash Provided By Operating Activities	117,474	458,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments and Reinvestment of Interest	(4,364)	(15,497)
Proceeds from Sale or Maturity of Investments	355,472	-
Return (Payment) of Escrow Deposit	15,000	(15,000)
Purchase of Property and Equipment	(650,000)	(2,585)
Purchase of Construction in Progress	(311,194)	-
Net Cash Used In Investing Activities	(595,086)	(33,082)
Net (Decrease) Increase in Cash and Cash Equivalents	(477,612)	425,114
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,066,065	640,951
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 588,453	\$ 1,066,065
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 24,400	\$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Financed Through Issuance of Long-Term Debt	\$ 600,000	\$ -

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

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Assistance League ® Omaha, Nebraska, Inc. (the League) is presented to assist in understanding the League's financial statements. The financial statements and notes are representations of the League's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The League is a non-profit corporation and is a chartered chapter of the National Assistance League. The League provides the following programs.

- Operation School Bell provides new clothing for school, that might include a winter coat, shoes and/or boots to students in the Greater Omaha area in kindergarten through the eighth grade;
- ACT/PSAT review classes;
- Assault Survivor Kits program provides clothing and hygiene assistance to assault victims;
- Operation Literacy provides new and gently used books to children and adults to promote literacy;
- Operation Bear Hug provides new teddy bears to comfort children in a crisis situation;
- Operation Recovery provides household items, refreshments for holiday parties, hygiene products, and vouchers for clothing from the League's thrift shop suitable for job interviews and their self-worth, bus passes for job interviews, and life skills for the women recovering from drug and/or alcohol dependency; and
- Operation Teen Parent offers incentive to encourage young parents to complete their high school education and to seek continuing education, for their literacy and for their children by giving them books.

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

Basis of Presentation

The League maintains its accounts on the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board had designated from net assets without restrictions, board designated funds for future operating needs.

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The League reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Measure of Operations

In the statements of activities and changes in net assets, the League includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, are recognized as operating support, revenues, gains, and losses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the League considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statements of cash flows.

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Any unrealized gains and losses are reported in the statements of activities and changes in net assets as a change in net assets without donor restrictions.

Investments consist of certificates of deposit and mutual funds. Certificates of deposit, with maturities greater than three months, are recorded at cost plus accrued interest, which approximates fair value and are included as Other Investments on the statements of financial position. The mutual funds are recorded as Investments in the statements of financial position. Donated investments are reflected as contributions at their estimated fair value at the date of the donation.

Prepaid Expenses

Prepaid expenses consist of books and gift cards to be used to buy clothing and shoes for the Operation School Bell program, and Assault Survivor Kits program. Prepaid expenses also include payment on certain contracts, agreements, and policies. The prepaid expenses are amortized to the appropriate expenditure account as utilized.

Inventories

The League maintains an inventory of used clothing and household items donated by chapter members and others used for resale by the thrift shop operated by the chapter. The League also has print for sale by League members. All inventory is stated at estimated fair value.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs of less than \$1,000 are charged to expense as incurred.

The costs of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposals. Gains and losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and Improvements	30-39
Building Refurbishment	15
Office, Furniture, and Equipment	7-10

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

The League carries the cost incurred in conjunction with the construction and remodel of their new building in construction in progress until placed into use.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the League reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The League reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Revenues and Revenue Recognition

Effective June 1, 2019, the League adopted Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers” (“Topic 606”) using the modified retrospective transition method. This standard applies to all contracts with customers, except for customers that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. Under Topic 606, the League recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the League expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the League determines are within the scope of Topic 606, the League performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the League satisfies the performance obligation. The League only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer.

At contract inception, once the contract is determined to be within the scope of Topic 606, the League assesses the goods or services promised within each contract and determines those that are performance obligations. The League then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The League recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest 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.

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Revenue Recognition (Continued)

The League records special event revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place. Thrift shop revenue is recognized at the time the transaction occurs in the store. Membership dues are considered contributions and are recognized when received.

In-Kind Contributions and Donated Services

Contributions of gifts in-kind that can be used by the League are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A substantial number of volunteers have made significant contributions of their time to the League's program and supporting services, which do not meet the criteria above. During the years ended May 31, 2020 and 2019, these volunteers donated approximately 30,040 and 36,033 hours with an estimated value of \$806,874 and \$928,931, respectively. This value was computed using an estimated hourly rate of \$26.86 and \$25.78, based upon the average hourly earnings of workers of \$23.98 and \$23.02, respectively, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among program and supporting services are based on management's estimate of services benefited and square footage of the building.

Program Services

Program services include Operation School Bell, ACT/PSAT Course Review, Assault Survivor Kits, Operation Teen Parent, Operation Bear Hug, Operation Literacy and Operation Recovery.

Advertising

The League uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was \$4,241 and \$4,406 for the years ended May 31, 2020 and 2019, respectively.

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The League has received exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. As an entity exempt from Federal income taxes under Section 501(c)(3) in the State of Nebraska, the League is also exempt from State income taxes. As such, no provision for income taxes is reflected in the financial statements.

Guidance prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The League files Form 990, *Return of Organization Exempt from Income Tax*, in the U.S. Federal and state jurisdictions.

As of May 31, 2020, the League has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and there are no material amounts of unrecognized tax benefits. Tax years subsequent to 2016 remain subject to examination by major tax jurisdictions.

Recently Adopted Accounting Pronouncement

The League has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of the League's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the League recognizes revenue as substantially all of the League's revenues consist of contributions which fall outside the scope of Topic 606. As such, no changes to the previously audited financial statements were required on a retrospective basis, and there was no material impact on the League's statements of financial position, activities, cash flows or functional expenses.

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard was issued in order to clarify and improve the scope and the accounting guidance for contributions received and made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and distinguishing between conditional and unconditional contributions. The League implemented ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation.

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upcoming Accounting Standard Pronouncement

The FASB issued ASU No. 2016-02, Leases (Topic 842): a revision of the 2010 ASU, Leases (Topic 840), which once again revises a previous change to lease accounting standards. The FASB will require an entity to classify the right to use a leased asset as an asset and the obligation to make lease payments as a liability. The revised ASU contains other factors in determining the proper recording of related expenses. The FASB also decided on a dual approach for lessee accounting, with lease classification determined in accordance with the principle in existing lease requirements (that is, determining whether a lease is effectively an installment purchase by the lessee). A lessee therefore would account for most existing capital/finance leases as Type A leases (that is, recognizing amortization of the right-of-use (ROU) asset separately from interest on the lease liability) and most existing operating leases as Type B leases (that is, recognizing a single total lease expense). Both Type A leases and Type B leases result in the lessee recognizing a ROU asset and a lease liability. The new guidance is effective for fiscal years beginning after December 15, 2021.

Subsequent Events

Management has evaluated subsequent events through October 11, 2020 which is the date the financial statements were available to be issued.

NOTE B – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The carrying value of cash, cash equivalents, and investments at May 31, 2020 consist of the following:

Cash and Cash Equivalents	
American National Bank – Checking Account	\$ 222,233
Bank of the West – Money Market	40,821
Bank of the West – Money Market	55,734
Great Western Bank – Checking Account	200,614
First National Bank – Checking Account	50,301
Pinnacle Bank – Checking Account	15,550
Petty Cash	3,200
Total Cash and Cash Equivalents	<u>\$ 588,453</u>
Investments	
DA Davidson – Money Market Mutual Funds	\$ 1,634
DA Davidson – Mutual Funds	2,002
First State Bank – Certificates of Deposit	-
Total Investments	<u>\$ 3,636</u>
 DA Davidson – Mutual Fund Permanently Restricted Endowment	 <u>\$ 50,327</u>

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
(With Summarized Comparative Information For 2019)

NOTE B – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

The carrying value of cash, cash equivalents, and investments at May 31, 2019 consist of the following:

Cash and Cash Equivalents	
American National Bank – Checking Account	\$ 223,130
Bank of the West – Money Market	35,970
Bank of the West – Money Market	164,885
Great Western Bank – Checking Account	263,290
First National Bank – Checking Account	190,169
Pinnacle Bank – Checking Account	185,421
Petty Cash	3,200
Total Cash and Cash Equivalents	<u>\$ 1,066,065</u>
Investments	
DA Davidson – Money Market Mutual Funds	\$ 26,244
DA Davidson – Mutual Funds	119,398
First State Bank – Certificates of Deposit	203,344
Total Investments	<u>\$ 348,986</u>
DA Davidson – Mutual Fund Permanently Restricted Endowment	<u>\$ 50,327</u>

The following schedule summarizes the investment return and its classification in the statements of activities and changes in net assets for the years ended May 31, 2020 and 2019:

	2020	2019
Interest and Dividend Income	\$ 4,363	\$ 12,855
Unrealized Loss on Investments	(24,826)	(10,090)
Realized Gain on Sale of Investments	30,584	-
	<u>\$ 10,121</u>	<u>\$ 2,765</u>

NOTE C – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the League to credit risk consist of cash, cash equivalents and investments. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

At May 31, 2020 and 2019, respectively, the League had \$0 and \$13,290 of uninsured balances at these institutions. The League has not experienced any losses on its cash or cash equivalents. The League's investments do not represent significant concentrations of market risk as the League's investment portfolio is adequately diversified among issuers.

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended May 31, 2020
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NOTE C – CONCENTRATION OF CREDIT RISK (Continued)

The League holds investments in mutual and money market funds at DA Davidson with a fair value of \$53,963 and \$195,969, representing 8.40% and 13.37%, of total cash, cash equivalents, and investments at May 31, 2020 and 2019, respectively. These funds are covered by Securities Investor Protection Corporation (SIPC) if a loss occurs due to a fraud committed by the financial institution. These funds are not covered for any loss due to market fluctuations.

NOTE D – LIQUIDITY AND AVAILABILITY

As part of the League’s liquidity management, the League has a board designated operating reserve that could be used to help manage unanticipated liquidity needs. The League also has access to credit cards which can be used to meet short term liquidity needs. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet, comprise the following:

Cash and Cash Equivalents	\$	588,453
Investments		3,636
Less those unavailable for general expenditure within one year, due to donor-imposed restrictions:		
 Cash and Cash Equivalents restricted by donor with purpose restrictions		 -
	<u>\$</u>	<u>592,089</u>

NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the League has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;

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NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at May 31, 2020 and 2019.

Mutual Funds - Valued at the closing net asset value (NAV) of shares held at May 31. Net asset values are publicly available daily to set the price for purchases and redemptions.

Certificates of Deposit - Classified as a Level 2 investment as they are valued based on original cost plus accrued interest, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the League believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the League's assets at fair value as of May 31, 2020 and 2019.

	Assets at Fair Value as of May 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Mutual Funds	\$ 1,634	\$ -	\$ -	\$ 1,634
Mutual Funds	2,002	-	-	2,002
Mutual Fund held for Endowment	50,327	-	-	50,327
Total Assets at Fair Value	<u>\$ 53,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,963</u>

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Assets at Fair Value as of May 31, 2019			Total
	Level 1	Level 2	Level 3	
Investments:				
Money Market Mutual Funds	\$ 26,244	\$ -	\$ -	\$ 26,244
Mutual Funds	119,398	-	-	119,398
Mutual Fund held for Endowment	50,327	-	-	50,327
Certificates of Deposit	-	203,344	-	203,344
Total Assets at Fair Value	<u>\$ 195,969</u>	<u>\$ 203,344</u>	<u>\$ -</u>	<u>\$ 399,313</u>

NOTE F – INVENTORIES

Inventories consisted of the following at May 31:

	2020	2019
Used clothing and household items held for sale at the thrift store	\$ 65,687	\$ 57,760
Other Inventory	10,191	8,435
Total Inventory	<u>\$ 75,878</u>	<u>\$ 66,195</u>

NOTE G – ENDOWMENTS

The Board of Directors of the League has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the League classifies as net assets with donor restrictions (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the League, and (7) the League's investment policies. The League maintains an endowment as a result of original restricted gifts from multiple donors to support the mission of the League.

ASSISTANCE LEAGUE® OMAHA, NEBRASKA, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE G – ENDOWMENTS (Continued)

The donor-imposed restrictions stipulate that resources be maintained permanently, but permits the League to use up or expand part or all of the income (or economic benefits) derived from the donated assets for the purposes of the League’s objectives. The Board of Directors has determined that this endowment fund with net assets at May 31, 2020 and 2019, of \$50,327 has been properly classified as donor restricted.

It is the Board’s investment policy that all donor restricted endowment funds be invested in a mutual fund. The total value of mutual fund investments at May 31, 2020 and 2019 was \$53,963 and \$195,969, respectively; of which \$50,327 was donor restricted for the long-term purposes of the endowment. In accordance with definitions and provisions of the donor restriction, investment income is considered unrestricted and is appropriated for spending to support the League’s purpose. As discussed above, the investment income earned on the endowment fund investments is not donor restricted and appears in the without donor restrictions column of the statement of activities combined with investment income from other investments.

	With Donor Restrictions	
	2020	2019
Endowment Net Assets, beginning of year	\$ 50,327	\$ 50,327
Contributions	-	-
Endowment Net Assets, end of year	\$ 50,327	\$ 50,327

Return Objectives and Risk Parameters

The League has investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective of preserving endowment funds, the League relies on a total return strategy in which investment returns are achieved primarily through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

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NOTE H – PROPERTY AND EQUIPMENT

Property and Equipment consist of the following at May 31:

	<u>2020</u>	<u>2019</u>
Buildings and Improvements	\$ 1,470,208	\$ 220,208
Building Refurbishment	51,183	51,183
Office, Furniture, and Equipment	20,295	20,295
Construction in Progress	311,194	-
	<u>1,852,880</u>	<u>291,686</u>
Less Accumulated Depreciation	<u>(277,216)</u>	<u>(239,278)</u>
Total Property and Equipment	<u>\$ 1,575,664</u>	<u>\$ 52,408</u>

NOTE I – LONG-TERM DEBT

Long-term debt consists of the following at May 31,:

	<u>2020</u>	<u>2019</u>
Note payable to a financial institution, monthly interest only payments until July 2020 at 4.80%, then monthly payments of \$3,917 until June 2024, with a final balloon payment in July 2024. The note payable is secured by a building.	\$ 600,000	\$ -
Total Long-Term Debt	<u>600,000</u>	<u>-</u>
Less Current Portion of Long-Term Debt	<u>(15,118)</u>	<u>-</u>
	<u>\$ 584,882</u>	<u>\$ -</u>

The aggregate maturities of long-term debt for the years ending after May 31, 2020 are as follows:

<u>Years Ending May 31,</u>	
2021	\$ 15,118
2022	18,953
2023	19,896
2024	20,815
2025	525,218
	<u>\$ 600,000</u>

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NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted by donors as follows as of May 31:

Net Assets With Donor Restrictions	2020	2019
Perpetual Endowment	\$ 50,327	\$ 50,327
Building Fund	-	273,755
Total Net Assets With Donor Restrictions	\$ 50,327	\$ 324,082

NOTE K – SPECIAL EVENTS

The League has various special events to help fund current operations. The revenue and related expenses from the year ended May 31, 2020, are as follows:

	Revenue	Costs of Direct Benefits to Attendees	Net Special Event Revenue	Other Event Costs	Net Revenue
Christmas Caravan	\$ 145,762	\$ (12,307)	\$ 133,455	\$ (46,469)	\$ 86,986
Community Partners	2,337	-	2,337	-	2,337
Style Show	84	-	84	(598)	(514)
	\$ 148,183	\$ (12,307)	\$ 135,876	\$ (47,067)	\$ 88,809

The revenue and related expenses from the year ended May 31, 2019, are as follows:

	Revenue	Costs of Direct Benefits to Attendees	Net Special Event Revenue	Other Event Costs	Net Revenue
Christmas Caravan	\$ 152,649	\$ (14,989)	\$ 137,660	\$ (33,608)	\$ 104,052
Community Partners	2,347	-	2,347	-	2,347
Style Show	10,763	-	10,763	(8,801)	1,962
Other special events	-	-	-	(273)	(273)
	\$ 165,759	\$ (14,989)	\$ 150,770	\$ (42,682)	\$ 108,088

NOTE L – TRANSACTIONS WITH NATIONAL ASSISTANCE LEAGUE

The League remits annual membership dues to National Assistance League. Membership dues paid to National Assistance League for the years ended May 31, 2020 and 2019 amounted to \$13,280 and \$12,800, respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE M – SUBSEQUENT EVENTS

Pandemic

On March 10, 2020 the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the League operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the League, the League had to shut down their thrift shop from March 2020 through the fiscal year-end and is experiencing a disruption in daily activities.

Building Sale

On October 6, 2020, the League closed on the sale of their building located at 3569 Leavenworth in Omaha, Nebraska to a private law firm. There was no mortgage on the property and net proceeds, after transaction-related expenses and fees, totaled \$468,883.