

ASSISTANCE LEAGUE OF ANTELOPE VALLEY
AUDITED FINANCIAL STATEMENTS
APRIL 30, 2007 AND 2006

BURKEY, COX, EVANS & BRADFORD
Accountancy Corporation
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Assistance League of Antelope Valley
Lancaster, California

We have audited the accompanying statement of financial position of the Assistance League of Antelope Valley (a nonprofit organization) as of April 30, 2007 and April 30, 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Assistance League of Antelope Valley as of April 30, 2007 and April 30, 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Assistance League of Antelope Valley, taken as a whole. The Supplementary Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Burkey, Cox, Evans & Bradford

BURKEY, COX, EVANS & BRADFORD
Certified Public Accountants

Lancaster, California
September 14, 2007

FINANCIAL SECTION

**ASSISTANCE LEAGUE OF ANTELOPE VALLEY
STATEMENT OF FINANCIAL POSITION
APRIL 30, 2007
(With Comparative Totals for 2006)**

	<u>APRIL 30,</u> 2007	<u>APRIL 30,</u> 2006
<u>ASSETS</u>		
ASSETS		
Cash (Note 2)	\$304,711	\$293,182
Inventory (Note 4)	32,177	28,691
Prepaid Expenses and Other Current Assets	3,291	3,122
Property and Equipment, (Note 3)		
Net of Accumulated Depreciation	<u>752,471</u>	<u>775,898</u>
Total Assets	<u><u>\$1,092,650</u></u>	<u><u>\$1,100,893</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	\$7,903	\$9,128
Accrued Payroll	8,884	8,297
Deferred Revenue	<u>1,165</u>	<u>0</u>
Total Current Liabilities	<u>17,952</u>	<u>17,425</u>
Total Liabilities	<u>17,952</u>	<u>17,425</u>
NET ASSETS (Note 5)		
Unrestricted	<u>1,074,698</u>	<u>1,083,468</u>
Total Net Assets	<u>1,074,698</u>	<u>1,083,468</u>
Total Liabilities and Net Assets	<u><u>\$1,092,650</u></u>	<u><u>\$1,100,893</u></u>

The accompanying Notes to Financial Statements are an integral part of these Statements.

ASSISTANCE LEAGUE OF ANTELOPE VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2007
(With Comparative Totals for 2006)

	YEAR ENDED APRIL 30, 2007			YEAR ENDED
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL ALL FUNDS	APRIL 30, 2006 TOTAL
SUPPORT AND REVENUES				
FUNDRAISING				
THRIFT SHOP REVENUE				
Contributions of Merchandise	\$101,939		\$101,939	\$83,990
Other Donations				3,525
Sales of Donated Merchandise	82,376		82,376	97,775
Less: Value of Merchandise Sold	(82,376)		(82,376)	(97,775)
Net Revenue from Thrift Shop	<u>101,939</u>	<u>\$0</u>	<u>101,939</u>	<u>87,515</u>
SPECIAL EVENTS REVENUE				
Less: Direct Benefits to Attendees	(30,463)		(30,463)	(27,841)
Net Revenue from Special Events	<u>118,699</u>	<u>0</u>	<u>118,699</u>	<u>98,952</u>
REVENUES				
Program Service Revenue	196,655		196,655	192,947
Contributions	69,161		69,161	85,539
Membership	10,862		10,862	16,643
Interest	6,677		6,677	5,691
Other	8,387		8,387	11,814
Total Revenues	<u>291,742</u>	<u>0</u>	<u>291,742</u>	<u>312,634</u>
Total Support and Revenues	<u>512,380</u>	<u>0</u>	<u>512,380</u>	<u>499,101</u>
FUNCTIONAL EXPENSES				
PROGRAM SERVICES				
Preschool	435,112		435,112	427,966
Operation School Bell	7,542		7,542	0
Kids on the Block	713		713	191
Total Program Services	<u>443,367</u>	<u>0</u>	<u>443,367</u>	<u>428,157</u>
SUPPORTING SERVICES				
Thrift Shop	49,415		49,415	47,920
Special Events	13,640		13,640	8,325
Management and General	7,383		7,383	6,122
Membership Development	7,345		7,345	9,210
Total Supporting Expenses	<u>77,783</u>	<u>0</u>	<u>77,783</u>	<u>71,577</u>
Total Functional Expenses	<u>521,150</u>	<u>0</u>	<u>521,150</u>	<u>499,734</u>
Change in Net Assets	(8,770)	0	(8,770)	(633)
NET ASSETS - Beginning of Year	<u>1,083,468</u>	<u>0</u>	<u>1,083,468</u>	<u>1,084,101</u>
NET ASSETS - End of Year	<u>\$1,074,698</u>	<u>\$0</u>	<u>\$1,074,698</u>	<u>\$1,083,468</u>

The accompanying Notes to Financial Statements are an integral part of these Statements.

**ASSISTANCE LEAGUE OF ANTELOPE VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED APRIL 30, 2007
(With Comparative Totals for 2006)**

	UNRESTRICTED FUND									UNRESTRICTED
	Year Ended April 30, 2007									FUND
	Preschool	Kids on the Block	Operation School Bell	Total Program Services	Thrift Shop	Special Events	Management and General	Membership Development	Total Supporting Services	Total Expenses
Salaries and Benefits	\$243,186			\$243,186	\$17,703			\$17,703	\$260,889	\$265,674
Program Supplies and Services	66,893	\$713	\$7,542	75,148	84			84	75,232	66,664
Occupancy:										
Rent and Maintenance				0	26,315			26,315	26,315	32,426
Property Taxes	9,573			9,573				0	9,573	2,491
Utilities	16,894			16,894	3,047			3,047	19,941	17,306
Depreciation	31,217			31,217				0	31,217	30,977
Dues				0		\$900	\$3,300	4,200	4,200	4,025
Advertising	1,618			1,618	\$549			549	2,167	3,568
Bank Charges	2,105			2,105		\$54		54	2,159	653
Cost of Sales				0	82,376			82,376	82,376	97,775
Conventions and Meetings				0				0	0	1,050
Food and Entertainment				0		43,559	1,115	44,674	44,674	37,639
Insurance	28,698			28,698	971			971	29,669	27,931
Legal and Audit				0			3,500	3,500	3,500	4,750
Licenses and Fees	500			500				0	500	500
Miscellaneous	931			931	100		2,960	2,008	5,068	3,354
Printing, Office Supplies and Postage	19,829			19,829	133	490	23	922	1,568	23,059
Repairs and Maintenance	7,362			7,362	14			14	7,376	289
Telephone	6,306			6,306	499			499	6,805	5,219
Total Expenses	435,112	713	7,542	443,367	131,791	44,103	7,383	7,345	190,622	633,989
Less Expenses included with Revenue on Statement of Activities					(82,376)	(30,463)			(112,839)	(112,839)
Total Expenses per Statement of Activities	\$435,112	\$713	\$7,542	\$443,367	\$49,415	\$13,640	\$7,383	\$7,345	\$77,783	\$499,734

The accompanying Notes to Financial Statements are an integral part of these Statements.

ASSISTANCE LEAGUE OF ANTELOPE VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2007
(With Comparative Totals for 2006)

	<u>APRIL 30,</u> <u>2007</u>	<u>APRIL 30,</u> <u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	(\$8,770)	(\$633)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	31,217	30,977
(Increase) Decrease in Assets:		
Inventory	(3,486)	14,760
Prepaid Expenses and Other Current Assets	(169)	2,160
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,225)	1,644
Accrued Expenses	0	(673)
Accrued Payroll	587	(816)
Deferred Revenue	1,165	(250)
	<u>19,319</u>	<u>47,169</u>
Net Cash Provided (Used)		
by Operating Activities	<u>19,319</u>	<u>47,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Furniture and Equipment	<u>(7,790)</u>	<u>(10,199)</u>
Net Cash Provided (Used)		
by Investing Activities	<u>(7,790)</u>	<u>(10,199)</u>
Net Increase (Decrease) in Cash	11,529	36,970
CASH - Beginning of Year	<u>293,182</u>	<u>256,212</u>
CASH - End of Year	<u><u>\$304,711</u></u>	<u><u>\$293,182</u></u>

SUPPLEMENTAL DISCLOSURES

Interest Paid	<u><u>\$0</u></u>
Taxes Paid	<u><u>\$0</u></u>

The accompanying Notes to Financial Statements are an integral part of these Statements.

ASSISTANCE LEAGUE OF ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Assistance League of Antelope Valley (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 Antelope Valley and its auxiliaries: Models and Heartline, Auxiliary 1 and Auxiliary 2 (collectively, the Chapter). The Chapter provides the following programs:

- * Assistance League Preschool, located in Lancaster, California, provides low-cost daycare to families in the Antelope Valley.

The Chapter's support and revenues come primarily from contributions, daycare tuition, and other fundraising efforts including special events and operation of a thrift shop located in Lancaster, California.

B. 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.

C. Financial Statement Presentation

The Chapter adopted 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 according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Chapter is required to present a statement of cash flows. The Chapter presently has no permanently restricted net assets.

D. Contributions

The Chapter has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of restrictions.

E. 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 of the year ended April 30, 2006, from which the summarized information was derived.

ASSISTANCE LEAGUE OF ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Equipment and Depreciation

Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. The capitalization policy is to capitalize assets with a value of \$400 or more. 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 - 45 years
Furniture and Equipment	5 - 10 years
Equipment under Capital Lease	6 years
Vehicles	5 years

Contributions of long-lived assets, or of cash or other assets that must be used to acquire long-lived assets, are reported as increases in temporarily restricted net assets. Restrictions are considered met, and an appropriate amount reclassified to unrestricted net assets, over the useful life of the long-lived assets as determined by the Chapter's depreciation policy. Depreciation expense was \$31,217 and \$30,977 and for the years ended April 30, 2007 and 2006, respectively.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles could require management to make estimates and assumptions that would affect certain reported amounts and disclosures. Accordingly, if any estimates were made by management, actual results could differ from those estimates.

H. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. Donated Materials and Services

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations. Donated materials of \$82,376 in 2007 are reflected in the accompanying financial statements at their fair values at the date of donation. The donated materials consist primarily of used clothing and household items donated by Chapter members and others for resale by a thrift shop operated by the Chapter.

In addition, a significant portion of the Chapter's functions and programs is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended April 30, 2007, these volunteers donated approximately 14,461 hours with an estimated value of \$274,759. This value was computed by using an estimated hourly rate of \$19.00 based upon the average hourly earnings of non-agricultural workers for the year ended April 30, 2007 as determined by the U.S. Department of Labor Statistics, plus 12% for estimated fringe benefits.

ASSISTANCE LEAGUE OF ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Restricted and Unrestricted Revenue

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.

K. Income Taxes

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

L. Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

M. Compensated Absences

Accumulated vacation benefits are recorded as liabilities on the books of the Chapter. The Chapter's policy is to record sick and holiday pay as operating expenses in the period sick leave or holiday is taken. As of April 30, 2007, the total compensated absence liability for accumulated vacations was \$0.

**ASSISTANCE LEAGUE OF ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007**

NOTE 2 – CASH

Cash and cash equivalents at April 30, 2007 consisted of the following:

Cash on Hand	<u>\$287</u>
Checking Accounts:	
Antelope Valley Bank	50,539
Downey Savings	3,169
Union Bank of California	262
Washington Mutual	28,426
Wells Fargo	<u>12,896</u>
Total Checking Accounts	<u>95,292</u>
Savings Accounts:	
Antelope Valley Bank	8,301
California Bank and Trust CD	24,492
Downey Savings CD	88,663
American Security Bank CD	60,758
Allstate Bank CD	<u>26,918</u>
Total Savings Accounts	<u>209,132</u>
Total	<u><u>\$304,711</u></u>

All cash and certificates of deposit are deposited into institutions that are insured or collateralized by the Federal Deposit Insurance Corporation (FDIC). Under FDIC guidelines each depositor's accounts are insured to an aggregate of \$100,000. The Chapter did not have deposits in any financial institution in excess of the insured amount.

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment is presented below:

	<u>Balance</u> <u>May 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2007</u>
Land	\$84,099			\$84,099
Buildings and Improvements	852,156	\$6,858		859,014
Equipment	98,710	932		99,642
Other	<u>3,445</u>			<u>3,445</u>
Totals	1,038,410	7,790	\$0	1,046,200
Accumulated Depreciation	<u>(262,512)</u>	<u>(31,217)</u>		<u>(293,729)</u>
Net Property and Equipment	<u>\$775,898</u>	<u>(\$23,427)</u>	<u>\$0</u>	<u>\$752,471</u>

**ASSISTANCE LEAGUE OF ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007**

NOTE 4 - INVENTORIES

Inventories at April 30, 2007 consisted of the following:

Used clothing and household items held for sale at the thrift shop \$ 32,177

NOTE 5 – NET ASSETS

At April 30, 2007, net assets were designated by the Chapter as follows:

Unrestricted Net Assets:

Designated for future Operating Needs for Program Services	\$460,000
Designated for Operation School Bell	28,426
Designated for Building Improvements	46,600
Undesignated	<u>539,672</u>
Total Unrestricted Net Assets	<u><u>\$1,074,698</u></u>

NOTE 6 – SPECIAL EVENTS

The Chapter has various fundraising events to help fund current operations. The revenue and related expenses from such events for the year ending April 30, 2007, are as follows:

<u>Event</u>	<u>Revenues</u>	<u>Cost of Direct Benefits to Attendees</u>	<u>Other Event Costs</u>	<u>Net Revenue</u>
Designer Showcase	\$59,046	\$12,507	\$4,728	\$41,811
Golf Tournament	58,586	9,679	8,806	40,101
Aven's Show - Auxiliary	18,467	8,277	106	10,084
Wine Tasting - Auxiliary	<u>13,063</u>	<u>0</u>	<u>0</u>	<u>13,063</u>
Total Special Events	<u><u>\$149,162</u></u>	<u><u>\$30,463</u></u>	<u><u>\$13,640</u></u>	<u><u>\$105,059</u></u>

NOTE 7 – PROGRAM SERVICE REVENUE

At April 30, 2007, program service revenue consists of the following:

Preschool Tuition \$ 196,655

ASSISTANCE LEAGUE OF ANTELOPE VALLEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007

NOTE 8 – LEASE COMMITMENTS

A. Operating Leases

As of April 30, 2007 the Chapter had entered into one operating lease for office space with a period extending longer than twelve months. The minimum future rental commitments under this non-cancelable operating lease for the Chapter's office space is as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Lease</u> <u>Payment</u>
2008	\$28,124
2009	29,249
2010	30,419
2011	31,636
2012	<u>10,682</u>
Total	<u>\$130,110</u>

B. Capital Leases

The Chapter has not entered into any capital leases that provides for title to pass to the Chapter upon expiration of the lease period.

SUPPLEMENTARY INFORMATION

SECTION

**ASSISTANCE LEAGUE OF THE ANTELOPE VALLEY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2007**

	CHAPTER	MODELS AUXILIARY	HEARTLINE AUXILIARY	ELIMINATIONS	TOTAL
SUPPORT AND REVENUES					
FUNDRAISING					
THRIFT SHOP REVENUE					
Contributions of merchandise	\$101,939				\$101,939
Sales of donated merchandise	82,376				82,376
Less: Value of merchandise sold	(82,376)				(82,376)
Net Revenue from Thrift Shop	101,939	\$0	\$0	\$0	101,939
Special events revenue	117,632	31,530			149,162
Less: Direct benefits to attendees	(22,187)	(8,276)			(30,463)
Net Revenue from Special Events	95,445	23,254	0	0	118,699
REVENUES					
Program service revenue	196,655				196,655
Contributions	76,161			(7,000)	69,161
Membership	8,001	\$2,181	680		10,862
Interest	6,677				6,677
Other	5,651	2,079	657		8,387
Total Revenues	293,145	4,260	1,337	(7,000)	291,742
Release of Temporary Restrictions	0	0	0	0	0
Total Support and Revenues	490,530	27,514	1,337	(7,000)	512,380
FUNCTIONAL EXPENSES					
PROGRAM SERVICES					
Preschool	435,112				435,112
Operation School Bell		7,542			7,542
Kids on the Block	713				713
Total Program Services	435,825	7,542	0	0	443,367
SUPPORTING SERVICES					
Thrift Shop	49,415				49,415
Special Events	13,640	7,000		(7,000)	13,640
Management and General	7,383				7,383
Membership Development	4,934	127	2,284		7,345
Total Supporting Expenses	75,372	7,127	2,284	(7,000)	77,783
Total Functional Expenses	511,197	14,669	2,284	(7,000)	521,150
Change In Net Assets	(20,667)	12,845	(947)		(8,770)
NET ASSETS - Beginning of Year	1,062,380	19,879	1,209		1,083,468
NET ASSETS - End of Year	\$1,041,713	\$32,724	\$262	\$0	\$1,074,698

The accompanying Notes to Financial Statements are an integral part of these Statements.