

NATIONAL ASSISTANCE LEAGUE®

**Independent Auditor's Report and
Financial Statements**

**For the Year Ended May 31, 2013
(With Comparative Totals for 2012)**

NATIONAL ASSISTANCE LEAGUE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
National Assistance League®

We have audited the accompanying financial statements of National Assistance League® (a nonprofit organization), which comprise the statement of financial position as of May 31, 2013, and the related statements of activities, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Assistance League® as of May 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the National Assistance League®'s 2012 financial statements, and our report dated August 8, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McCord and Llewellyn Accountancy Corporation

La Cañada, California

August 7, 2013

NATIONAL ASSISTANCE LEAGUE
STATEMENT OF FINANCIAL POSITION
MAY 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
ASSETS		
Cash and cash equivalents (Note 2)	\$ 2,056,981	\$ 1,812,154
Accounts receivable	454	14,656
Prepaid expenses	90,489	81,499
Investments (Note 3)	2,462,996	1,919,729
Note receivable (Note 4)	425,367	439,616
Property and equipment (Note 5)	58,097	19,885
TOTAL ASSETS	<u>\$ 5,094,384</u>	<u>\$ 4,287,539</u>
LIABILITIES		
Accounts payable	\$ 175,779	\$ 204,654
Accrued expenses	21,819	18,536
Deferred dues revenue (Note 6)	149,190	24,915
Other deferred revenue	114,195	62,363
Capital lease obligation (Note 8)	43,004	-
Note payable (Note 9)	16,469	-
TOTAL LIABILITIES	<u>520,456</u>	<u>310,468</u>
NET ASSETS (Note 7)		
Unrestricted	4,527,563	3,945,428
Temporarily restricted	36,365	21,643
Permanently restricted	10,000	10,000
TOTAL NET ASSETS	<u>4,573,928</u>	<u>3,977,071</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,094,384</u>	<u>\$ 4,287,539</u>

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

**NATIONAL ASSISTANCE LEAGUE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2012)**

	Year Ended May 31, 2013			Total	Year Ended
	Unrestricted	Temporarily Restricted	Permanently Restricted		May 31, 2012
					Totals
SUPPORT AND REVENUES					
Membership Dues	\$ 789,672	\$ -	\$ -	\$ 789,672	\$ 789,843
Conference fees	447,465	-	-	447,465	564,747
Contributions, including in kind of \$57,703	277,629	34,580	-	312,209	256,393
Other	33,084	-	-	33,084	27,525
Net Assets released from restrictions:					
Satisfaction of purpose restrictions	20,800	(20,800)	-	-	-
TOTAL SUPPORT AND REVENUES	<u>1,568,650</u>	<u>13,780</u>	<u>-</u>	<u>1,582,430</u>	<u>1,638,508</u>
EXPENSES:					
Program services:					
Conferences	820,090	-	-	820,090	777,952
Chapter Services	352,173	-	-	352,173	293,141
Public Relations and Marketing	61,405	-	-	61,405	75,913
Chapter and Guild Development	16,439	-	-	16,439	17,802
Total program services expenses	<u>1,250,107</u>	<u>-</u>	<u>-</u>	<u>1,250,107</u>	<u>1,164,808</u>
Supporting services:					
Fundraising	119,759	-	-	119,759	113,743
Management and General	129,046	-	-	129,046	109,398
Total supporting services expenses	<u>248,805</u>	<u>-</u>	<u>-</u>	<u>248,805</u>	<u>223,141</u>
TOTAL EXPENSES	<u>1,498,912</u>	<u>-</u>	<u>-</u>	<u>1,498,912</u>	<u>1,387,949</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN	69,738	13,780	-	83,518	250,559
Investment return, net (Note 3)	<u>512,397</u>	<u>942</u>	<u>-</u>	<u>513,339</u>	<u>(92,858)</u>
CHANGE IN NET ASSETS	582,135	14,722	-	596,857	157,701
NET ASSETS AT BEGINNING OF YEAR	<u>3,945,428</u>	<u>21,643</u>	<u>10,000</u>	<u>3,977,071</u>	<u>3,819,370</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,527,563</u>	<u>\$ 36,365</u>	<u>\$ 10,000</u>	<u>\$ 4,573,928</u>	<u>\$ 3,977,071</u>

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

**NATIONAL ASSISTANCE LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2012)**

	Year Ended May 31, 2013									Year Ended May 31, 2012
	Program Services					Supporting Services				Total Expenses
	Conferences	Chapter Services	Public Relations and Marketing	Chapter and Guild Development	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses
Salaries and benefits	\$ 109,999	\$ 52,848	\$ 9,832	\$ 2,458	\$ 175,137	\$ 36,871	\$ 33,799	\$ 70,670	\$ 245,807	\$ 253,977
Lodging, meals and transportation	482,500	24	-	-	482,524	330	2,174	2,504	485,028	478,660
Board/Committee travel	46,346	220,967	1,645	7,286	276,244	839	34,700	35,539	311,783	206,615
Occupancy:										
Rent	19,393	23,271	8,533	776	51,973	7,757	17,841	25,598	77,571	78,319
Insurance	1,215	608	203	41	2,067	810	1,175	1,985	4,052	4,420
Printing	7,994	8,334	2,520	289	19,137	7,775	1,831	9,606	28,743	40,856
Audio visual	52,108	1,853	-	-	53,961	-	-	-	53,961	73,132
Professional Services	11,108	21,460	35,409	-	67,977	6,942	8,720	15,662	83,639	89,338
Speaker fees and other costs	39,675	-	-	-	39,675	-	-	-	39,675	38,605
Postage and freight	3,843	1,902	-	216	5,961	10,960	1,281	12,241	18,202	14,152
Operating supplies	14,327	2,755	104	97	17,283	30,413	3,070	33,483	50,766	36,564
Depreciation and amortization	7,171	1,195	1,912	239	10,517	4,780	8,607	13,387	23,904	18,036
Other	-	656	25	48	729	145	4,975	5,120	5,849	122
Telephone	905	4,286	383	35	5,609	940	434	1,374	6,983	8,512
Interest	330	396	13	13	752	330	238	568	1,320	-
Office supplies	-	59	-	-	59	-	93	93	152	6,972
Education	57	97	18	2	174	57	36	93	267	4,752
Bank and merchant fees	10,365	103	47	6	10,521	2,608	771	3,379	13,900	12,581
Equipment rental	8,027	9,393	318	318	18,056	7,997	5,756	13,753	31,809	14,998
Program supplies	-	1,555	-	-	1,555	-	-	-	1,555	1,322
Outside services	4,727	411	55	14	5,207	205	1,042	1,247	6,454	2,448
Grants to chapters and guilds	-	-	-	4,302	4,302	-	-	-	4,302	1,350
Director & Officer insurance	-	-	-	-	-	-	2,503	2,503	2,503	2,193
Public relations/promo material	-	-	388	299	687	-	-	-	687	25
Total Expenses	\$ 820,090	\$ 352,173	\$ 61,405	\$ 16,439	\$ 1,250,107	\$ 119,759	\$ 129,046	\$ 248,805	\$ 1,498,912	\$ 1,387,949

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

**NATIONAL ASSISTANCE LEAGUE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2012)**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 596,857	\$ 157,701
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	23,904	18,036
Net realized and unrealized (gains) losses on investments	(443,085)	157,157
(Increase) decrease in accounts receivable	14,202	32,693
(Increase) decrease in prepaid expenses	(8,990)	(1,856)
Increase (decrease) in accounts payable and accrued expenses	(25,592)	23,247
Increase (decrease) in deferred dues and other deferred revenue	176,107	(101,985)
NET CASH PROVIDED BY OPERATING ACTIVITIES	333,403	284,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on note receivable	14,249	13,252
Purchase of equipment and software	(18,125)	(1,621)
Proceeds from sale of investments	1,664,027	-
Purchase of investments	(1,764,209)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(104,058)	11,631
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable and capital lease obligation	(1,463)	-
Proceeds from borrowing	16,945	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	15,482	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	244,827	296,624
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,812,154	1,515,530
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,056,981	\$ 1,812,154

Supplemental disclosure of cash flow information:

Cash paid for interest on the capital lease obligation and note payable in 2013 was \$1,320.

Supplemental disclosure of non-cash investing and financing activities:

Equipment qualifying as a capital lease: \$43,991.

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

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Since 1935, National Assistance League has been dedicated to "Caring and Commitment in Action" through the philanthropic work of 119 chapters, one guild, and an impressive 26,000 member volunteers. Chapter members are a real asset in their local communities, developing and executing professional programs to address unmet needs. Programs are funded through grants, donations, special events fundraisers and thrift shop proceeds, and do not receive any money from the national organization.

Over the years, National Assistance League has enabled thousands of volunteers to effectively lead their respective organizations by providing administrative, legal and operational guidance to the chapters. The guidance includes written resources available on the website, effective leadership training, and personal education through a resource of volunteers serving on national committees. The following outlines the tools used by National Assistance League to help support the growth of effective volunteerism in the chapters and guilds:

- Conferences provide education, networking and training through the National Conference, Leadership Training and Assisteens[®] Conference. The attendees find these sessions to be worthwhile and helpful, covering technical knowledge, introducing new concepts and ideas, and addressing human resource issues. In addition, the educational sessions offer great networking opportunities, as attendees meet members from across the country, compare notes, and offer suggestions and support.
- Chapter Services is a network of experienced volunteers working together to offer guidance to the chapters in a meaningful, personalized way to help them achieve and maintain consistent standards of operation. Chapter Services volunteers answer questions ranging the full breadth and depth of running a volunteer organization through handbook policies, promoting an interchange of ideas through on-site visits to the chapters and being available to answer questions. Chapter Services also provides training and education for the National Board and national committees.
- Public Relations and Marketing acquaints the general public with the purpose and activities of chapters and guilds throughout the nation and equips them to consistently promote the branding of Assistance League using established graphic standards. They also provide direction, suggestions and examples to the chapters for improving their community awareness efforts related to their philanthropic programs.
- Chapter and Guild Development plants the seeds for new growth by identifying geographic locations which might warrant and welcome a future Assistance League chapter. These volunteers provide valuable guidance to young guilds as they establish the organizational structure needed to become a successful chapter.

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Nature of Activities - continued

National Assistance League's support and revenue come primarily from membership dues, conference fees, contributions and investment return. Contributions are received primarily from Assistance League members and local chapters donating to the Circle Fund to support the educational programs provided at the national level for all members.

Basis of Accounting

The financial statements of National Assistance League have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, National Assistance League 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 U.S. GAAP. Accordingly, such information should be read in conjunction with National Assistance League's financial statements for the year ended May 31, 2012, from which the summarized information was derived.

Fair Value Measurements

National Assistance League follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Fair Value Measurements - continued

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

For purposes of financial reporting, National Assistance League has determined that the fair values of its financial instruments, which include cash equivalents, accounts receivable, notes receivable, accounts payable, and accrued expenses, approximate the carrying values at May 31, 2013, based on their short maturities and/or the terms available to National Assistance League in financial markets.

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.

Investments

National Assistance League carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Restricted gains and investment income whose restrictions are met in the same period the gains or income are recognized and reported as unrestricted revenue.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose National Assistance League 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. Checking and savings accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Money market accounts held for investments are insured by Securities Investor Protection Corporation (SIPC) up to \$500,000. National Assistance League investments are further insured by additional insurance through Lloyd's of London, together with other insurers, which covers net equity in excess of the coverage provided by SIPC. As of May 31, 2013, National Assistance League's uninsured balances totaled \$193,709. National Assistance League has not experienced any losses on its cash or cash equivalents. National Assistance League's do not represent significant concentrations of market risk inasmuch as National Assistance League's investment portfolio is adequately diversified among issuers.

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

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. Property and equipment acquisitions in excess of \$1,000 are capitalized. National Assistance League provides for depreciation and amortization of property and equipment by use of the straight-line method over the estimated useful lives as follows:

Furniture and equipment	5 to 10 years
Software and website	3 to 5 years

Deferred Revenue

Membership dues and conference fees collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues and fees 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 Materials and Services

Significant materials and services are donated to National Assistance League by various individuals, corporations and other organizations. Donated materials, travel, meals, lodging, and professional services of \$57,703 for the year ended May 31, 2013 are reflected in the accompanying financial statements at their fair values at the date of donation.

In addition, a significant portion of National Assistance League's program services, fundraising and administrative functions 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 May 31, 2013, these volunteers donated approximately 47,000 (unaudited) hours with an estimated value of \$1,048,100. This value was computed using an estimated hourly rate of \$22.30, based upon the average hourly earnings of nonagricultural workers for the time period of \$19.91, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits.

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Tax Status

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

National Assistance League has applied the provisions of Financial Accounting Standards Board's Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of May 31, 2013, National Assistance League had no substantial uncertain income tax positions.

National Assistance League's federal returns are subject to examination by federal taxing authorities, generally for three years after they are filed and National Assistance League's state returns are subject to examination by the state taxing authorities, generally for four years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

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

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2013 consist of the following:

Checking and savings accounts:

Checking Account - American Business Bank	\$ 259,945
Savings Account - American Business Bank	200,039
Checking Account - Bank of America	53,508
Savings Account - Bank of America	97,406
Savings Account - Bankers Trust (including \$793 temporarily and permanently restricted for the Hillgren Fund)	246,169
Savings Account - Capital One	249,265
Money Market - Treasury Fund Capital Reserves (including \$3,061 temporarily and permanently restricted for the Hillgren Fund)	950,649
Total cash and cash equivalents	<u><u>\$ 2,056,981</u></u>

NOTE 3 - INVESTMENTS

Investments are stated at fair value and consist of the following at May 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Equities	\$ 2,323,684	\$ 1,137	\$ 6,370	\$ 2,331,191
Fixed income	131,381	64	360	131,805
Total investments	<u><u>\$ 2,455,065</u></u>	<u><u>\$ 1,201</u></u>	<u><u>\$ 6,730</u></u>	<u><u>\$ 2,462,996</u></u>

The fair value of these assets is based on Level 1 measurements.

The permanently restricted investments represent a donor-stipulated contribution, the income from which is expendable to support unreimbursed expenses of the president incurred in the performance of duties on behalf of National Assistance League. The temporarily restricted investments consist of unexpended earnings on the permanently restricted assets.

Investment return for the year ended May 31, 2013 is summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 87,985	\$ 176	\$ 88,161
Net realized gains	276,213	-	276,213
Net unrealized gains	166,106	766	166,872
Less investment advisory and custodial fees	(17,907)	-	(17,907)
Total investment return, net	<u><u>\$ 512,397</u></u>	<u><u>\$ 942</u></u>	<u><u>\$ 513,339</u></u>

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 4 - NOTE RECEIVABLE

The note receivable with PATH, a California nonprofit benefit corporation at May 31, 2013 consists of the following:

Interest rate - 6.0%; due April 30, 2018; monthly principal and interest payments of \$3,047; balloon payment due April 30, 2018; secured by real property	<u>\$ 425,367</u>
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NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at May 31, 2013:

Furniture and equipment	\$ 110,273
Software and website	<u>63,200</u>
	173,473
Less accumulated depreciation and amortization	<u>(115,376)</u>
Total property and equipment, net	<u>\$ 58,097</u>

Depreciation and amortization expense for the year ended May 31, 2013 - \$23,904

NOTE 6 - DEFERRED DUES REVENUE

The deferred dues revenue balance at May 31, 2013 reflects 2013-2014 membership dues received before May 31, 2013 year end.

NOTE 7 - NET ASSETS

At May 31, 2013, net assets were restricted by donors or designated by the Board of Directors as follows:

Unrestricted net assets:

Designated real estate proceeds for quasi-endowment	\$ 1,660,000
Designated reserved for one year's operating expenses	1,750,000
Undesignated	<u>1,117,563</u>
Total unrestricted net assets	<u>4,527,563</u>

Temporarily restricted for:

Circle contributions for 2013 - 2014 fiscal year	34,580
Hillgren Fund accumulated interest earnings in excess of expense	<u>1,785</u>
Total temporarily restricted net assets	<u>36,365</u>

Permanently restricted for:

Hillgren Fund	<u>10,000</u>
Total permanently restricted net assets	<u>10,000</u>
Total net assets	<u>\$ 4,573,928</u>

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 8 - LEASES

National Assistance League is the lessee of a copier (cost of \$43,991 and accumulated depreciation of \$4,399 at May 31, 2013) under a capital lease expiring in March 2018. As of May 31, 2013, the future minimum lease payments under the capitalized lease obligation for the copier are as follows:

Year ending May 31, 2014	\$	12,682
2015		12,682
2016		12,682
2017		12,682
2018		10,572
Total minimum lease payments		61,300
Less interest portion		(18,296)
Present value of net minimum lease payments under capital leases	\$	43,004

National Assistance League leases office space under an operating lease that expires in May 2018. Minimum future rental payments due under the office space lease at May 31, 2013 is summarized as follows:

Year ending May 31, 2014	\$	71,673
2015		73,823
2016		76,038
2017		78,319
2018		80,669
	\$	380,522

Office space and equipment rent expense for the year ended May 31, 2013 - \$109,380

NOTE 9 - NOTE PAYABLE

National Assistance League has a 6.9% fixed rate, fully amortized loan with Xerox, Inc. The required monthly payment of principal and interest is \$335 and the last payment is due March 2018. At May 31, 2013, the scheduled principal payments due on this loan are as follows:

Year ending May 31, 2014	\$	2,973
2015		3,185
2016		3,412
2017		3,655
2018		3,244
Total note payable	\$	16,469

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 10 - CONCENTRATIONS

National Assistance League operates from one location in Burbank, California.

During the year ended May 31, 2013, National Assistance League received 19% of its total support and revenue from the annual conference.

As of May 31, 2013, National Assistance League had a note receivable from PATH (see Note 4) in the amount of \$425,367.

NOTE 11 - COMMITMENTS

As of May 31, 2013, National Assistance League has entered into contracts with various hotels through September 19, 2016 for meeting space and room rentals associated with conferences. In the event of conference cancellation or not fulfilling various requirements of the contracts, National Assistance League may be liable for certain cancellation and attendance shortfall costs.

NOTE 12 - ENDOWMENTS

The Board of Directors of National Assistance League interprets the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, National Assistance League classifies as permanently restricted net assets, the original value of gifts donated to the perpetual endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by National Assistance League in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, National Assistance League considers the following factors in making a determination of whether to invest or appropriate donor-restricted endowment funds:

1. the duration and preservation of the fund
2. the purposes of National Assistance League and 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 National Assistance League
7. the investment policies of National Assistance League

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 12 - ENDOWMENTS - (continued)

National Assistance League's endowment investment policy is based on fundamental financial principles that include prudent asset allocation, risk assessment and long-term planning. The investment policy emphasizes total return, which allows the funds to utilize current dividend and interest income, and over time, a portion of the aggregate return from capital appreciation, in an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Within this framework, specific investment objectives for endowment investments include liquidity, preservation of capital, preservation of purchasing power, and long-term growth of capital.

The investment policy establishes an achievable return objective through diversification of asset classes.

To satisfy its long-term rate-of-return objectives, National Assistance League relies on a total strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current earnings (interest and dividends). National Assistance League targets a diversified asset allocation.

Endowment funds are maintained in pooled investment portfolios. Interest, dividends, and realized and unrealized gains and losses in the investment pools are allocated annually to the endowment fund in proportion to the fund's share of the investment pools.

If the fair market value of the endowment principal, at the end of the reporting period, is less than the corpus, which includes all initial and all subsequent gifts from donors, no additional funds will be made "available to spend." Accordingly, over the long-term, National Assistance League expects the current spending policy to allow its endowment assets to provide real growth over the average rate of inflation annually. This is consistent with the objective to maintain purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns. The spending policy is approved on an annual basis by the Board of Directors.

At May 31, 2013, endowment net assets consisted of the following:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowments to be held in perpetuity	\$ -	\$ 10,000	\$ 10,000
Donor restricted endowments which may be distributed for President expenses	1,785	-	1,785
Total	<u>\$ 1,785</u>	<u>\$ 10,000</u>	<u>\$ 11,785</u>

**NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 12 - ENDOWMENTS - (continued)

The changes in endowment net assets for the year ended May 31, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 1, 2012	<u>\$ 843</u>	<u>\$ 10,000</u>	<u>\$ 10,843</u>
Investment return:			
Investment income	176	-	176
Net (depreciation) realized and unrealized	<u>766</u>	<u>-</u>	<u>766</u>
Total investment return	<u>942</u>	<u>-</u>	<u>942</u>
Endowment net assets, May 31, 2013	<u>\$ 1,785</u>	<u>\$ 10,000</u>	<u>\$ 11,785</u>

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

National Assistance League has evaluated events subsequent to May 31, 2013, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through August 7, 2013, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.