



**NATIONAL ASSISTANCE LEAGUE**

---

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

**For the Year Ended May 31, 2014  
(With Comparative Totals for 2013)**

## CONTENTS

---

|                                  |      |
|----------------------------------|------|
| Independent Auditors' Report     | 1-2  |
| Statement of Financial Position  | 3    |
| Statement of Activities          | 4    |
| Statement of Functional Expenses | 5    |
| Statement of Cash Flows          | 6    |
| Notes to Financial Statements    | 7-17 |



Certified Public Accountants, LLP

## INDEPENDENT AUDITORS' REPORT

---

To the Board of Directors  
National Assistance League

### Report on the Financial Statements

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, 2014, 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.

### Auditors' 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 of 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 auditors' 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.

PASADENA  
234 E Colorado Blvd  
Suite M150  
Pasadena, CA 91101  
Tel: 626.403.6801  
Fax: 626.403.6866

A Trusted Nonprofit Partner  
Experience. Service. Respect.  
[www.npocpas.com](http://www.npocpas.com)

SAN FRANCISCO  
50 Francisco St  
Suite 160  
San Francisco, CA 94133  
Tel: 415.391.3131  
Fax: 415.391.3233

## INDEPENDENT AUDITORS' REPORT

continued

---

### 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, 2014, 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.

### Other Matter

#### *Summarized Comparative Information*

The financial statements of National Assistance League as of May 31, 2013 were audited by other auditors whose report dated August 7, 2013 expressed an unmodified opinion on those statements.

*Harrington Group*

Pasadena, California

August 4, 2014

**NATIONAL ASSISTANCE LEAGUE**

**STATEMENT OF FINANCIAL POSITION**

**MAY 31, 2014**

**(WITH COMPARATIVE TOTALS AT MAY 31, 2013)**

|   | <b>2014</b>         | 2013                |
|---|---------------------|---------------------|
| <b>ASSETS</b>                           |                     |                     |
| Cash and cash equivalents               | \$ 1,598,464        | \$ 2,057,425        |
| Accounts receivable                     | 2,457               | 10                  |
| Prepaid expenses                        | 107,397             | 90,489              |
| Investments (Note 2)                    | 3,366,087           | 2,462,996           |
| Note receivable (Note 3)                | 414,011             | 425,367             |
| Property and equipment, net (Note 4)    | 45,208              | 58,097              |
| <b>TOTAL ASSETS</b>                     | <b>\$ 5,533,624</b> | <b>\$ 5,094,384</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                     |
| <b>LIABILITIES</b>                      |                     |                     |
| Accounts payable                        | \$ 209,537          | \$ 93,518           |
| Accrued liabilities                     | 16,307              | 104,080             |
| Deferred dues revenue                   | 115,955             | 149,190             |
| Other deferred revenue                  | 121,130             | 114,195             |
| Capital lease obligation (Note 5)       | 36,165              | 43,004              |
| Note payable (Note 6)                   | 13,496              | 16,469              |
| <b>TOTAL LIABILITIES</b>                | <b>512,590</b>      | 520,456             |
| <b>NET ASSETS (Note 8)</b>              |                     |                     |
| Unrestricted                            | 1,504,868           | 1,117,563           |
| Unrestricted - board designated         | 3,467,500           | 3,410,000           |
| Temporarily restricted                  | 38,666              | 36,365              |
| Permanently restricted                  | 10,000              | 10,000              |
| <b>TOTAL NET ASSETS</b>                 | <b>5,021,034</b>    | 4,573,928           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 5,533,624</b> | <b>\$ 5,094,384</b> |

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

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2013)

|  | Year Ended May 31, 2014 |                        |                        | Total               | Year Ended          |
|--|-------------------------|------------------------|------------------------|---------------------|---------------------|
|  | Unrestricted            | Temporarily Restricted | Permanently Restricted |                     | May 31, 2013        |
|  |                         |                        |                        |                     | Totals              |
| <b>SUPPORT AND REVENUES</b>                          |                         |                        |                        |                     |                     |
| Membership dues                                      | \$ 794,399              | \$ -                   | \$ -                   | \$ 794,399          | \$ 789,672          |
| Conference fees                                      | 529,846                 |                        |                        | 529,846             | 447,465             |
| Contributions, including in-kind of \$32,934         | 223,740                 | 37,180                 |                        | 260,920             | 312,209             |
| Other  | 33,037                  |                        |                        | 33,037              | 33,084              |
| Net assets released from restrictions:               |                         |                        |                        |                     |                     |
| Satisfaction of purpose restrictions                 | 35,980                  | (35,980)               |                        | -                   | -                   |
| <b>TOTAL SUPPORT AND REVENUES</b>                    | <b>1,617,002</b>        | <b>1,200</b>           | <b>-</b>               | <b>1,618,202</b>    | <b>1,582,430</b>    |
| <b>EXPENSES</b>                                      |                         |                        |                        |                     |                     |
| Program services:                                    |                         |                        |                        |                     |                     |
| Conferences  | 792,336                 |                        |                        | 792,336             | 820,090             |
| Chapter services                                     | 438,771                 |                        |                        | 438,771             | 352,173             |
| Chapter formation                                    | 20,263                  |                        |                        | 20,263              | 16,439              |
| Total program services expenses                      | 1,251,370               | -                      | -                      | 1,251,370           | 1,188,702           |
| Supporting services:                                 |                         |                        |                        |                     |                     |
| Fundraising  | 124,117                 |                        |                        | 124,117             | 119,759             |
| Management and general                               | 141,188                 |                        |                        | 141,188             | 190,451             |
| Total supporting services expenses                   | 265,305                 | -                      | -                      | 265,305             | 310,210             |
| <b>TOTAL EXPENSES</b>                                | <b>1,516,675</b>        | <b>-</b>               | <b>-</b>               | <b>1,516,675</b>    | <b>1,498,912</b>    |
| <b>CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN</b> | <b>100,327</b>          | <b>1,200</b>           | <b>-</b>               | <b>101,527</b>      | <b>83,518</b>       |
| Investment returns, net (Note 2)                     | 344,478                 | 1,101                  |                        | 345,579             | 513,339             |
| <b>CHANGE IN NET ASSETS</b>                          | <b>444,805</b>          | <b>2,301</b>           | <b>-</b>               | <b>447,106</b>      | <b>596,857</b>      |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>               | <b>4,527,563</b>        | <b>36,365</b>          | <b>10,000</b>          | <b>4,573,928</b>    | <b>3,977,071</b>    |
| <b>NET ASSETS AT END OF YEAR</b>                     | <b>\$ 4,972,368</b>     | <b>\$ 38,666</b>       | <b>\$ 10,000</b>       | <b>\$ 5,021,034</b> | <b>\$ 4,573,928</b> |

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

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2013)

|                                       | Year Ended May 31, 2014               |                     |                      |                              |                     |                           |                                 | Year Ended<br>May 31, 2013<br>Total<br>Expenses |                   |
|---------------------------------------|---------------------------------------|---------------------|----------------------|------------------------------|---------------------|---------------------------|---------------------------------|---|-------------------|
|                                       | Program Services                      |                     |                      | Total<br>Program<br>Services | Supporting Services |                           |                                 |   | Total<br>Expenses |
|                                       | Chapter<br>Educational<br>Conferences | Chapter<br>Services | Chapter<br>Formation |                              | Fundraising         | Management<br>and General | Total<br>Supporting<br>Services |   |                   |
| Advertising and promotions            | \$ 1,968                              | \$ 4,753            | \$ -                 | \$ 6,721                     | \$ -                | \$ -                      | \$ -                            | \$ 6,721  | \$ 687            |
| Attendee meals                        | 325,765                               | -                   | -                    | 325,765                      | -                   | -                         | -                               | 325,765   | 292,407           |
| Depreciation                          | 6,073                                 | 3,644               | 152                  | 9,869                        | 3,036               | 2,277                     | 5,313                           | 15,182  | 23,904            |
| Dues and subscriptions                | 2,429                                 | 1,194               | 10                   | 3,633                        | 1,888               | -                         | 1,888                           | 5,521   | 5,589             |
| Insurance                             | 1,339                                 | 985                 | 39                   | 2,363                        | 788                 | 3,291                     | 4,079                           | 6,442   | 6,555             |
| Interest and bank fees                | 15,162                                | 28                  | -                    | 15,190                       | 3,166               | 3,231                     | 6,397                           | 21,587  | 15,221            |
| Leased equipment                      | 2,085                                 | 3,958               | 55                   | 6,098                        | 992                 | 331                       | 1,323                           | 7,421   | 31,809            |
| Miscellaneous expenses                | -                                     | 1,664               | 4,208                | 5,872                        | 573                 | 2,079                     | 2,652                           | 8,524   | 7,550             |
| Occupancy                             | 12,901                                | 28,669              | 1,433                | 43,003                       | 10,751              | 17,918                    | 28,669                          | 71,672  | 77,571            |
| Operating supplies                    | 16,237                                | 7,648               | 459                  | 24,344                       | 30,980              | 1,901                     | 32,881                          | 57,225  | 55,257            |
| Postage and freight                   | 5,507                                 | 947                 | 84                   | 6,538                        | 4,055               | 866                       | 4,921                           | 11,459  | 18,202            |
| Printing                              | 9,796                                 | 13,259              | 473                  | 23,528                       | 2,573               | 973                       | 3,546                           | 27,074  | 28,743            |
| Professional and outside services     | 150,922                               | 28,560              | 16                   | 179,498                      | 8,547               | 11,210                    | 19,757                          | 199,255   | 198,270           |
| Salaries and benefits                 | 83,741                                | 127,286             | 6,699                | 217,726                      | 53,594              | 63,643                    | 117,237                         | 334,963   | 227,047           |
| Telephone                             | 1,553                                 | 4,799               | 259                  | 6,611                        | 1,554               | 259                       | 1,813                           | 8,424   | 6,983             |
| Travel - chapter support              | 36,420                                | 210,305             | 4,878                | 251,603                      | -                   | -                         | -                               | 251,603   | 312,470           |
| Travel - lodging and transportation   | 120,438                               | 1,072               | 1,498                | 123,008                      | 1,620               | 33,209                    | 34,829                          | 157,837   | 190,647           |
| <b>Total 2014 functional expenses</b> | <b>\$ 792,336</b>                     | <b>\$ 438,771</b>   | <b>\$ 20,263</b>     | <b>\$ 1,251,370</b>          | <b>\$ 124,117</b>   | <b>\$ 141,188</b>         | <b>\$ 265,305</b>               | <b>\$ 1,516,675</b>                             |                   |
| Total 2013 functional expenses        | \$ 820,090                            | \$ 352,173          | \$ 16,439            | \$ 1,188,702                 | \$ 119,759          | \$ 190,451                | \$ 310,210                      |   | \$ 1,498,912      |

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

**NATIONAL ASSISTANCE LEAGUE**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2014  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2013)**

|   | <b>2014</b>         | 2013         |
|---|---------------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |              |
| Change in net assets  | \$ 447,106          | \$ 596,857   |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |              |
| Depreciation expense  | 15,182              | 23,904       |
| Investment income   | (345,579)           | (443,085)    |
| Changes in operating assets and liabilities   |                     |              |
| (Increase) decrease in accounts receivable  | (2,447)             | 14,646       |
| (Increase) in prepaid expenses and other assets   | (16,908)            | (8,990)      |
| Increase (decrease) in accounts payable and accrued liabilities                             | 28,246              | (25,592)     |
| Increase (decrease) in deferred revenues  | (26,300)            | 176,107      |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>99,300</b>       | 333,847      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |              |
| Payments received on note receivable  | 11,356              | 14,249       |
| Purchase of equipment and software  | (2,293)             | (18,125)     |
| Purchase of investments, net  | (557,512)           | (100,182)    |
| <b>NET CASH (USED) BY INVESTING ACTIVITIES</b>  | <b>(548,449)</b>    | (104,058)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |              |
| Principal payments on notes payable and capital lease obligation                            | (9,812)             | (1,463)      |
| Proceeds from borrowings  | -                   | 16,945       |
| <b>NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES</b>                                     | <b>(9,812)</b>      | 15,482       |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>                                 | <b>(458,961)</b>    | 245,271      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>                                   | <b>2,057,425</b>    | 1,812,154    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>   | <b>\$ 1,598,464</b> | \$ 2,057,425 |
| <b>Supplemental disclosure:</b>   |                     |              |
| Operating activities reflect interest paid of:  | <b>\$ 3,840</b>     | \$ 1,320     |

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



**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

National Assistance League, founded in 1935, is a California nonprofit corporation that has been dedicated to “building successful chapters nationwide through education, inspiration and support.” By providing a solid foundation and framework for 120 Assistance League chapters located in 26 states and 26,000 member volunteers nationwide, National Assistance League empowers its chapters to focus on meeting local needs. Chapter members are seen as valued assets in their local communities, developing and executing philanthropic programs to address unmet needs unique to each community. Assistance League chapters nationwide support our signature program Operation School Bell<sup>®</sup> and have also developed almost 1,000 customized programs to meet other community needs. Our 26,000 dedicated member volunteers provide over 3.2 million hours of volunteer service annually. Chapter programs are funded through thrift shop proceeds, grants, donations, and special events fundraisers specific to each chapter; local chapters do not receive any funding from the national organization.

Over the years, National Assistance League has enabled thousands of volunteers to effectively lead their local chapter by providing administrative, legal and operational guidance. The guidance includes written resources available on the website, annual leadership and Treasurer’s training, annual National Conference and education provided by 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:

• **National Conference, Leadership Training and Assisteens<sup>®</sup> Conference**

Conferences provide education, networking and training. Our member volunteers find these sessions to be inspirational 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, and can compare notes, and offer suggestions, share ideas and support to each other.

• **Chapter Services**

Chapter Services provide 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 written manual and handbook guidelines, examples and policies, promoting an interchange of ideas through on-site visits to the chapters and being available to answer questions.

continued

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**1. Summary of Significant Accounting Policies, continued**

**• Chapter Formation**

Our Chapter Formation Committee plants the seeds for new growth by identifying communities in need across the country which could both benefit from and support a future Assistance League chapter. The committee members provide valuable guidance to prospective chapters as they strive to establish the organizational structure needed to become a successful chartered chapter. New chapter formation is a critical component of the organizational growth strategy for National Assistance League and provides the basis for the organization to build its national impact and brand incrementally with each new chapter.

National Assistance League's support and revenue is primarily derived from membership dues, conference fees, major gifts, contributions and investment return. Currently the majority of contributions are received from Assistance League members and local chapters donating to the Circle Fund. Circle Fund supports the educational programs provided at the national level for all members.

**Basis of Accounting**

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

**Basis of Presentation**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of National Assistance League are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

continued

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**1. Summary of Significant Accounting Policies, continued**

**Unrestricted – Board Designated.** These are comprised of resources that the Board of Directors has established as being designated for future program operations and capital expenditures. For purposes of complying with net assets accounting, these assets are included in unrestricted net assets at May 31, 2014. (See Note 8)

**Temporarily Restricted.** National Assistance League reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 purpose or time restrictions. National Assistance League has temporarily restricted net assets of \$38,666 at May 31, 2014.

**Permanently Restricted** – These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit National Assistance League to expend all of the income (or other economic benefits) derived from the donated assets. National Assistance League has permanently restricted net assets of \$10,000 at May 31, 2014.

**Comparative Totals**

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with National Assistance League's financial statements for the year ended May 31, 2013, from which the summarized information was derived.

**Fair Value Measurements**

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

continued

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**1. Summary of Significant Accounting Policies, continued**

National Assistance League is required to measure investments and non-cash contributions at fair value.

**Cash and Cash Equivalents**

National Assistance League has defined cash and cash equivalents as 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 are reported as unrestricted revenue.

**Concentration of Credit Risks**

National Assistance League places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation's and Securities Investor Protection Corporation's insurance limits. National Assistance League has not incurred losses related to these investments.

**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.

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**1. Summary of Significant Accounting Policies, continued**

**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 the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted 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, lodging, meals, and professional services of \$32,934 for the year ended May 31, 2014 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, 2014, these volunteers donated approximately 51,000 (unaudited) hours with an estimated value of \$1,161,270. This value was computed using an estimated hourly rate of \$22.77, based upon the average hourly earnings of nonagricultural workers for the time period of \$20.33, 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, 2014**

---

**1. Summary of Significant Accounting Policies, continued**

**Income Taxes**

National Assistance League is exempt from taxation under Internal Revenue Code Section 501(c)(3). 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.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by National Assistance League in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. National Assistance League's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing 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 program and supporting services benefited.

**Reclassifications**

Certain amounts from May 31, 2013 financial statements have been reclassified to conform to the May 31, 2014 presentation.

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**2. Investments**

Investments are stated at fair value and consist of the following at May 31, 2014:

|                   | <u>Unrestricted</u> | Temporarily<br><u>Restricted</u> | Permanently<br><u>Restricted</u> | <u>Total</u>              |
|-------------------|---------------------|----------------------------------|----------------------------------|---------------------------|
| Equities          | \$2,780,644         | \$ 1,041                         | \$ 7,010                         | <b>\$2,788,695</b>        |
| Fixed income      | <u>575,724</u>      | <u>216</u>                       | <u>1,452</u>                     | <b><u>577,392</u></b>     |
| Total investments | <u>\$3,356,368</u>  | <u>\$ 1,257</u>                  | <u>\$ 8,462</u>                  | <b><u>\$3,366,087</u></b> |

The fair value of equities and fixed income within the Level 1 inputs are based on quoted market prices as of the closing of the last business day of the fiscal year.

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 permanently restricted assets.

Investment return for the year ended May 31, 2014 is summarized as follows:

|   | <u>Unrestricted</u> | Temporarily<br><u>Restricted</u> | <u>Total</u>            |
|---|---------------------|----------------------------------|-------------------------|
| Interest and dividends                          | \$ 91,029           | \$ 206                           | <b>\$ 91,235</b>        |
| Net realized losses                             | (19,128)            | -                                | <b>(19,128)</b>         |
| Net unrealized gains                            | 296,126             | 895                              | <b>297,021</b>          |
| Less: investment advisory<br>and custodial fees | <u>(23,549)</u>     | <u>-</u>                         | <b><u>(23,549)</u></b>  |
| Total investment return, net                    | <u>\$344,478</u>    | <u>\$1,101</u>                   | <b><u>\$345,579</u></b> |

**3. Note Receivable**

National Assistance League has a note receivable with PATH, a California nonprofit benefit corporation. The note is secured by real property, monthly payments of \$3,047, including interest at 6.00%, with a balloon payment due April 2018. The balance at May 31, 2014 was \$414,011.

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**4. Property and Equipment**

Property and equipment at May 31, 2014 consists of the following:

|                                |                  |
|--------------------------------|------------------|
| Furniture and equipment        | \$112,566        |
| Software and website           | <u>63,200</u>    |
|                                | 175,766          |
| Less: accumulated depreciation | <u>(130,558)</u> |
|                                | <u>\$ 45,208</u> |

Depreciation expense for the year ended May 31, 2014 was \$15,182.

**5. Leases**

National Assistance League leases equipment under a capital lease. The cost of the equipment and the corresponding accumulated depreciation as of May 31, 2014 and May 31, 2013 amounted to \$45,408 and \$13,481 respectively. Future minimum payments under this lease, consists of the following:

|   |                 |
|---|-----------------|
| <u>Year ended May 31,</u>               |                 |
| 2015                                    | \$10,765        |
| 2016                                    | 10,765          |
| 2017                                    | 10,765          |
| 2018                                    | <u>8,967</u>    |
| Total minimum lease payments            | \$41,262        |
| Less: total interest expense            | <u>(5,097)</u>  |
| Present value of minimum lease payments | <u>\$36,165</u> |

National Assistance League leases office space under an operating lease expiring in May 2018. Future minimum payments under this lease are as follows:

|                           |                  |
|---------------------------|------------------|
| <u>Year ended May 31,</u> |                  |
| 2015                      | \$ 73,823        |
| 2016                      | 76,038           |
| 2017                      | 78,319           |
| 2018                      | <u>80,669</u>    |
|                           | <u>\$308,849</u> |

Rental expense under operating leases was \$71,672 for the year ended May 31, 2014, and is included in occupancy expense in the Statement of Functional Expenses.



**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**6. Note Payable**

National Assistance League has a 6.9% fixed rate, fully amortized loan with a corporation. The required monthly payment of principal and interest is \$335 and the last payment is due March 2018. At May 31, 2014, the scheduled principal payments due on this loan are as follows:

| <u>Year ended May 31,</u> |                 |
|---------------------------|-----------------|
| 2015                      | \$ 3,185        |
| 2016                      | 3,412           |
| 2017                      | 3,655           |
| 2018                      | <u>3,244</u>    |
|                           | <u>\$13,496</u> |

**7. Commitments**

As of May 31, 2014, National Assistance League has entered into contracts with various hotels through September 2017 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.

**8. Net Assets**

At May 31, 2014, net assets were restricted by donors or designated by the chapter as follows:

|  |                    |
|--|--------------------|
| Unrestricted net assets:   |                    |
| Designated reserve for one year's operating expenses             | \$1,780,000        |
| Designated for future reserves                                   | 1,660,000          |
| Designated for capital expenditures                              | 27,500             |
| Undesignated   | <u>1,504,868</u>   |
| Total unrestricted net assets                                    | <u>\$4,972,368</u> |
| Temporarily restricted net assets for:                           |                    |
| Circle contributions   | \$37,180           |
| Hillgren Fund accumulated interest earnings in excess of expense | <u>1,486</u>       |
| Total temporarily restricted net assets                          | <u>\$38,666</u>    |
| Permanently restricted net assets for:                           |                    |
| Hillgren Fund  | <u>\$10,000</u>    |

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**9. Permanently Restricted Net Assets - Endowment Fund**

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds) whether or not the organization is subject to UPMIFA.

National Assistance League’s Endowment Fund includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

National Assistance League classifies as permanently restricted net assets, (a) the original value of the gifts 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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by National Assistance League.

Endowment net assets composition by type of fund as of May 31, 2014 is as follows:

|  | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>           |
|--|-----------------------------------|-----------------------------------|------------------------|
| Donor restricted endowments<br>to be held in perpetuity                            | \$ -                              | \$10,000                          | <b>\$10,000</b>        |
| Donor restricted endowments available for<br>use upon meeting purpose requirements | <u>1,486</u>                      | <u>-</u>                          | <u><b>1,486</b></u>    |
|  | <u>\$1,486</u>                    | <u>\$10,000</u>                   | <u><b>\$11,486</b></u> |

Changes in endowment net assets for the fiscal year ended May 31, 2014 are as follows:

|  | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>           |
|--|-----------------------------------|-----------------------------------|------------------------|
| Beginning of year, June 1, 2013            | \$ 1,785                          | \$10,000                          | <b>\$11,785</b>        |
| Interest and dividends                     | 206                               | -                                 | <b>206</b>             |
| Net appreciation (realized and unrealized) | 895                               | -                                 | <b>895</b>             |
| Released temporarily restricted funds      | <u>(1,400)</u>                    | <u>-</u>                          | <u><b>(1,400)</b></u>  |
| End of year, May 31, 2014                  | <u>\$ 1,486</u>                   | <u>\$10,000</u>                   | <u><b>\$11,486</b></u> |

**NATIONAL ASSISTANCE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2014**

---

**10. Evaluation of Subsequent Events**

National Assistance League has evaluated events subsequent to May 31, 2014 to assess the need of potential recognition or disclosure in the financial statements. Such events were evaluated through August 4, 2014, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**11. Fair Value Measurements**

The table below presents the balances of assets measured at fair value at May 31, 2014 on a recurring basis:

|              | <u>Level 1</u>     | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>              |
|--------------|--------------------|----------------|----------------|---------------------------|
| Equities     | \$2,788,695        | \$ -           | \$ -           | <b>\$2,788,695</b>        |
| Fixed income | <u>577,392</u>     | <u>-</u>       | <u>-</u>       | <b><u>577,392</u></b>     |
|              | <u>\$3,366,087</u> | <u>\$ -</u>    | <u>\$ -</u>    | <b><u>\$3,366,087</u></b> |

The fair value of equities and fixed income securities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below presents the transactions measured at fair value on a non-recurring basis during the year ended May 31, 2014:

|                        | <u>Level 1</u> | <u>Level 2</u>  | <u>Level 3</u> | <u>Total</u>           |
|------------------------|----------------|-----------------|----------------|------------------------|
| Non-cash contributions | <u>\$ -</u>    | <u>\$32,934</u> | <u>\$ -</u>    | <b><u>\$32,934</u></b> |

The fair value of non-cash contributions has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).