

NATIONAL ASSISTANCE LEAGUE

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

**For the Year Ended May 31, 2016
(With Comparative Totals for 2015)**

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

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, 2016, 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.

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, 2016, 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

We have previously audited National Assistance League's 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California
July 27, 2016

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF FINANCIAL POSITION

MAY 31, 2016

(WITH COMPARATIVE TOTALS AT MAY 31, 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,958,519	\$ 1,620,916
Accounts receivable	-	2,711
Prepaid expenses	35,634	89,468
Investments (Note 2)	3,301,437	3,558,396
Note receivable	-	401,954
Property and equipment, net (Note 3)	163,185	30,008
TOTAL ASSETS	\$ 5,458,775	\$ 5,703,453
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 231,495	\$ 196,948
Accrued liabilities	32,636	19,530
Deferred dues revenue	98,320	169,600
Other deferred revenue	73,839	120,145
Capital lease obligation (Note 4)	13,937	20,829
Note payable (Note 5)	6,899	10,311
TOTAL LIABILITIES	457,126	537,363
NET ASSETS (Note 7)		
Unrestricted	2,972,018	3,069,334
Unrestricted - board designated	1,976,000	2,059,649
Temporarily restricted	43,631	27,107
Permanently restricted	10,000	10,000
TOTAL NET ASSETS	5,001,649	5,166,090
TOTAL LIABILITIES AND NET ASSETS	\$ 5,458,775	\$ 5,703,453

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

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2015)

	Year Ended May 31, 2016			Total	Year Ended May 31, 2015 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUES					
Membership dues	\$ 887,972	\$ -	\$ -	\$ 887,972	\$ 793,057
Conference fees	558,071	-	-	558,071	431,079
Contributions, including in-kind of \$22,829	188,494	42,505	-	230,999	275,137
Other	34,266	-	-	34,266	42,072
Net assets released from restrictions:					
Satisfaction of purpose restrictions	25,981	(25,981)	-	-	-
TOTAL SUPPORT AND REVENUES	1,694,784	16,524	-	1,711,308	1,541,345
EXPENSES					
Program services:					
Conferences	926,102	-	-	926,102	786,893
Chapter services	643,967	-	-	643,967	548,238
Chapter formation	20,182	-	-	20,182	20,251
Total program services expenses	1,590,251	-	-	1,590,251	1,355,382
Supporting services:					
Fundraising	104,756	-	-	104,756	103,405
Management and general	167,776	-	-	167,776	146,125
Total supporting services expenses	272,532	-	-	272,532	249,530
TOTAL EXPENSES	1,862,783	-	-	1,862,783	1,604,912
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN	(167,999)	16,524	-	(151,475)	(63,567)
Investment returns, net (Note 2)	(12,966)	-	-	(12,966)	208,623
CHANGE IN NET ASSETS	(180,965)	16,524	-	(164,441)	145,056
NET ASSETS AT BEGINNING OF YEAR	5,128,983	27,107	10,000	5,166,090	5,021,034
NET ASSETS AT END OF YEAR	\$ 4,948,018	\$ 43,631	\$ 10,000	\$ 5,001,649	\$ 5,166,090

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

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2015)

	Year Ended May 31, 2016							Year Ended May 31, 2015 Total Expenses	
	Program Services			Supporting Services					
Chapter Educational Conferences	Chapter Services	Chapter Formation	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses		
Attendee meals	\$ 383,251	\$ -	\$ -	\$ 383,251	\$ -	\$ -	\$ -	\$ 383,251	\$ 288,131
Salaries and benefits	89,011	144,643	7,418	241,072	29,670	100,138	129,808	370,880	390,904
Travel - chapter support and other	133,450	239,770	8,397	381,617	123	26,420	26,543	408,160	428,141
Professional and outside services	109,058	163,587	1,228	273,873	18,093	1,918	20,011	293,884	143,765
Technology and website	122,001	40,959	700	163,660	10,327	1,051	11,378	175,038	97,046
Occupancy	13,687	32,150	1,521	47,358	13,833	19,010	32,843	80,201	73,822
Operating supplies	20,094	6,993	287	27,374	19,148	4,084	23,232	50,606	60,956
Interest and bank fees	20,071	882	18	20,971	6,003	2,143	8,146	29,117	17,015
Printing	18,003	-	-	18,003	496	1,687	2,183	20,186	22,171
Depreciation and amortization	5,593	3,356	140	9,089	2,796	2,097	4,893	13,982	9,675
Telephone	1,340	5,926	223	7,489	1,340	223	1,563	9,052	11,079
Dues and subscriptions	4,575	1,342	213	6,130	1,900	-	1,900	8,030	11,069
Miscellaneous expenses	3,415	888	-	4,303	-	69	69	4,372	15,412
Insurance	1,250	919	37	2,206	735	3,392	4,127	6,333	6,459
Postage and freight	-	-	-	-	-	5,325	5,325	5,325	9,667
Leased equipment	530	2,520	-	3,050	292	219	511	3,561	5,982
Advertising and promotions	773	32	-	805	-	-	-	805	\$ 13,618
TOTAL 2016 FUNCTIONAL EXPENSES	\$ 926,102	\$ 643,967	\$ 20,182	\$ 1,590,251	\$ 104,756	\$ 167,776	\$ 272,532	\$ 1,862,783	
TOTAL 2015 FUNCTIONAL EXPENSES	\$ 786,893	\$ 548,238	\$ 20,251	\$ 1,355,382	\$ 103,405	\$ 146,125	\$ 249,530		\$ 1,604,912

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

NATIONAL ASSISTANCE LEAGUE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2015)**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (164,441)	\$ 145,056
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization expense	13,982	15,200
Donated investments	-	(7,759)
Investment (loss) income	(9,846)	(184,550)
(Increase) decrease in operating assets:		
Accounts receivable	2,711	(254)
Prepaid expenses and other assets	53,834	17,929
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	47,653	(9,366)
Deferred revenues	(117,586)	52,660
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(173,693)	28,916
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received on note receivable	401,954	12,057
Purchase of equipment and software	(147,159)	-
Proceeds from sale of investments, net	266,805	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	521,600	12,057
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable and capital lease obligation	(10,304)	(18,521)
NET CASH (USED) BY FINANCING ACTIVITIES	(10,304)	(18,521)
NET INCREASE IN CASH AND CASH EQUIVALENTS	337,603	22,452
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,620,916	1,598,464
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 1,958,519	\$ 1,620,916
Supplemental disclosure:		
Operating activities reflect interest paid of:	\$ 1,827	\$ 2,758

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

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

1. Summary of Significant Accounting Policies

Nature of Activities

National Assistance League, founded in 1935, is a California nonprofit corporation dedicated to "building effective chapters nationwide through education, inspiration and support." By providing a solid foundation, framework and continuing support and education 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 support our signature program Operation School Bell® 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 Educational Conference, Leadership Training and Assisteens® Conference**
Chapter educational conferences provide education, networking and training. Member volunteers and leaders find these sessions to be worthwhile and beneficial. The sessions cover many relevant topics including technical knowledge, new concepts and ideas and human resource issues. In addition, the educational sessions offer great networking opportunities whereby attendees meet members from across the country, compare notes, offer suggestions, share ideas and support each other.

- **Chapter Services**

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 operational standards. National committee members provide comprehensive support for operating a volunteer organization by providing: a complete handbook of policies and procedures, on-site visits that promote the interchange of ideas, responses to specific chapter concerns and individualized training to create exemplary chapter boards.

continued

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

1. Summary of Significant Accounting Policies, continued

Chapter visits provide a valuable link to the national organization and are critical to nurturing, problem solving and maintaining organizational standards across the country.

• Chapter Formation

The 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. The Chapter Formation program is a critical component of the organizational growth strategy for National Assistance League. It provides the basis for the organization to build its national impact and brand incrementally with each new chapter.

Support and Revenue

National Assistance League's support and revenue is primarily derived from per-capita membership dues, conference fees, 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, 2016

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, 2016. (See Note 7)

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 \$43,631 at May 31, 2016.

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, 2016.

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, 2015, 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.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

1. Summary of Significant Accounting Policies, continued

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

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. Additionally, National Assistance League capitalizes its software and website in accordance with generally accepted accounting principles.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

1. Summary of Significant Accounting Policies, continued

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 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 \$22,829 for the year ended May 31, 2016 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, 2016, these volunteers donated approximately 46,000 (unaudited) hours with an estimated value of \$1,081,000. This value was computed using the estimated hourly rate of \$23.50, based upon the average hourly earnings of nonagricultural workers for twelve month period ended May 31, 2016, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, including 12% for estimated fringe benefits.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

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.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

2. Investments

Investments are stated at fair value and consist of the following at May 31, 2016:

	<u>Total</u>
Equities	\$2,809,936
Certificates of Deposit	<u>491,501</u>
Total investments	<u>\$3,301,437</u>

The fair value of equities within the Level 1 inputs are based on quoted market prices as of the closing of the last business day of the fiscal year (see Note 10).

Investment return for the year ended May 31, 2016 is summarized as follows:

	<u>Total</u>
Interest and dividends	\$ 152,097
Realized gains	74,439
Unrealized losses	(216,690)
Less: investment advisory and custodial fees	<u>(22,812)</u>
Total investment return, net	<u>(\$ 12,966)</u>

3. Property and Equipment

Property and equipment at May 31, 2016 consists of the following:

Software and website	\$ 213,755
Furniture and equipment	<u>103,645</u>
	317,400
Less: accumulated depreciation and amortization	<u>(154,215)</u>
	<u>\$ 163,185</u>

Depreciation and amortization expense for the year ended May 31, 2016 was \$13,982.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

4. Leases

National Assistance League leases equipment under a capital lease. The cost of the equipment and the corresponding accumulated depreciation as of May 31, 2016 amounted to \$37,364 and \$26,155 respectively. Future minimum payments under this lease, consists of the following:

<u>Year ended May 31,</u>	
2017	\$ 7,383
2018	<u>6,554</u>
Total minimum lease payments	13,937
Less: total interest expense	<u>(1,827)</u>
Present value of minimum lease payments	<u>\$12,110</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>	
2017	\$ 78,319
2018	<u>80,669</u>
	<u>\$158,988</u>

Rental expense under operating leases was \$76,038 for the year ended May 31, 2016 and is included in occupancy expense in the Statement of Functional Expenses.

5. 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, 2016, the scheduled principal payments due on this loan are as follows:

<u>Year ended May 31,</u>	
2017	\$3,655
2018	<u>3,244</u>
	<u>\$6,899</u>

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

6. Commitments

As of May 31, 2015, 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 inability to fulfill contractual requirements, National Assistance League may be liable for certain cancellation and attendance shortfall costs.

7. Net Assets

At May 31, 2016, net assets were restricted by donors or designated by National Assistance League as follows:

Unrestricted net assets:

Designated reserve for one year's operating expenses	\$1,940,000
Designated for capital expenditures	36,000
Undesignated	<u>2,972,018</u>
Total unrestricted net assets	<u>\$4,948,018</u>

Temporarily restricted net assets:

Circle contributions	<u>\$43,631</u>
Total temporarily restricted net assets	<u>\$43,631</u>

Permanently restricted net assets:

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

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

8. 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, 2016 is as follows:

	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowments to be held in perpetuity	<u>\$10,000</u>	<u>\$10,000</u>
	<u>\$10,000</u>	<u>\$10,000</u>

Changes in endowment net assets for the year ended May 31, 2016 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning of year, June 1, 2015	\$ 1,126	\$10,000	\$11,126
Interest and dividends	-	-	-
Net appreciation (realized and unrealized)	-	-	-
Released temporarily restricted funds	<u>(1,126)</u>	<u>-</u>	<u>(1,126)</u>
End of year, May 31, 2016	<u>\$ -</u>	<u>\$10,000</u>	<u>\$10,000</u>

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2016

9. Fair Value Measurements

The table below presents the balances of assets measured at fair value at May 31, 2016 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Large growth	\$ 949,005	\$ -	\$ -	\$ 949,005
Small cap	701,272	-	-	701,272
Real estate bond	315,159	-	-	315,159
Moderate allocation	203,453	-	-	203,453
World bond	192,276	-	-	192,276
Mid cap	119,182	-	-	119,182
Short term bond	103,287	-	-	103,287
Foreign large	96,494	-	-	96,494
Large bend	76,926	-	-	76,926
Energy bond	52,882	-	-	52,882
	<u>\$2,809,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,809,936</u>

The fair value of equities 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, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Non-cash contributions	<u>\$ -</u>	<u>\$22,829</u>	<u>\$ -</u>	<u>\$22,829</u>

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).

10. Evaluation of Subsequent Events

National Assistance League has evaluated events subsequent to May 31, 2016 to assess the need of potential recognition or disclosure in the financial statements. Such events were evaluated through July 27, 2016, 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.