

**Audited Financial Statements**



May 31, 2020

Quigley & Miron

**National Assistance League  
Audited Financial Statements  
Table of Contents  
May 31, 2020**

	<u>Page Number</u>
<b>Independent Auditor's Report</b> .....	1
<b>Audited Financial Statements</b>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

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## **Independent Auditor's Report**

Board of Directors  
**National Assistance League**  
Burbank, California

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, 2020, 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 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 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, 2020, and the changes in its net assets and 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 National Assistance League's May 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been delivered.

A handwritten signature in cursive script that reads "Zugley & Miron".

Los Angeles, California  
August 17, 2020

**National Assistance League  
Statement of Financial Position  
May 31, 2020  
(with comparative totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 317,307	\$ 567,211
Accounts receivable	3,498	27,847
Prepaid expenses	29,020	77,494
Investments—Note 4	4,141,667	4,405,859
Property and equipment, net—Note 5	57,201	105,063
<b>Total Assets</b>	<b><u>\$ 4,548,693</u></b>	<b><u>\$ 5,183,474</u></b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 65,949	\$ 340,057
Refundable advance—Note 6	92,937	
Deferred dues and conference revenue	159,522	439,248
Other deferred revenue	6,000	6,000
Capital lease obligation—Note 7	18,530	24,174
<b>Total Liabilities</b>	<b><u>342,938</u></b>	<b><u>809,479</u></b>
<b>Net Assets</b>		
Without donor restrictions—Note 9		
Undesignated	2,599,023	4,291,004
Board-designated	1,596,000	36,000
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>4,195,023</u></b>	<b><u>4,327,004</u></b>
With donor restrictions—Note 10	10,732	46,991
<b>Total Net Assets</b>	<b><u>4,205,755</u></b>	<b><u>4,373,995</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 4,548,693</u></b>	<b><u>\$ 5,183,474</u></b>

See notes to the financial statements.

National Assistance League  
Statement of Activities  
Year Ended May 31, 2020  
(with comparative totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Operating Activities</b>				
<b>Support and Revenues</b>				
Membership dues	\$ 862,849	\$	\$ 862,849	\$ 861,561
Conference fees	560,005		560,005	131,525
Contributions	120,339	850	121,189	166,761
Interest and dividends	129,911		129,911	115,263
Partnerships	59,000		59,000	9,920
Other income	32,765		32,765	821
Net assets released from restrictions	37,058	(37,058)		
<b>Total Support and Revenues</b>	<b>1,801,927</b>	<b>(36,208)</b>	<b>1,765,719</b>	<b>1,285,851</b>
<b>Expenses</b>				
Program services				
Chapter educational conferences	743,611		743,611	393,296
Chapter services	421,976		421,976	819,613
<b>Total Program Services</b>	<b>1,165,587</b>		<b>1,165,587</b>	<b>1,212,909</b>
Supporting services				
Management and general	276,198		276,198	250,866
Membership and Fund development	341,027		341,027	218,679
<b>Total Supporting Services</b>	<b>617,225</b>		<b>617,225</b>	<b>469,545</b>
<b>Total Expenses</b>	<b>1,782,812</b>		<b>1,782,812</b>	<b>1,682,454</b>
<b>Change in Net Assets from Operations</b>	<b>19,115</b>	<b>(36,208)</b>	<b>(17,093)</b>	<b>(396,603)</b>
<b>Nonoperating Activities</b>				
Investment return, net—Note 4	(151,096)	(51)	(151,147)	(168,334)
<b>Change in Nonoperating Activities</b>	<b>(151,096)</b>	<b>(51)</b>	<b>(151,147)</b>	<b>(168,334)</b>
<b>Change in Net Assets</b>	<b>(131,981)</b>	<b>(36,259)</b>	<b>(168,240)</b>	<b>(564,937)</b>
<b>Net Assets at Beginning of Year</b>	<b>4,327,004</b>	<b>46,991</b>	<b>4,373,995</b>	<b>4,938,932</b>
<b>Net Assets at End of Year</b>	<b>\$ 4,195,023</b>	<b>\$ 10,732</b>	<b>\$ 4,205,755</b>	<b>\$ 4,373,995</b>

See notes to financial statements.

**National Assistance League**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2020**  
**(with comparative totals for 2019)**

	Program Services			Supportive Services			2020 Total	2019 Total
	Chapter Educational Conferences	Chapter Services	Total Program Services	Management and General	Membership and Fund Development	Total Supporting Services		
Salaries and benefits	\$ 115,295	\$ 130,732	\$ 246,027	\$ 90,411	\$ 196,645	\$ 287,056	\$ 533,083	\$ 357,245
Attendee meals, travel, and lodging	300,751		300,751				300,751	55,984
Travel - chapter support and other	48,945	96,042	144,987	64,778	44,225	109,003	253,990	498,462
Audio visual services	128,157	801	128,958	828	764	1,592	130,550	15,209
Accounting services	16,647	18,998	35,645	38,495	29,132	67,627	103,272	113,296
Occupancy	11,620	13,800	25,420	26,872	20,336	47,208	72,628	87,471
Other professional services	49,444	6,497	55,941	4,069	9,289	13,358	69,299	227,691
Dues and subscriptions	5,900	30,499	36,399	15,551	7,200	22,751	59,150	51,382
Depreciation	19,809	11,477	31,286	7,426	9,150	16,576	47,862	47,735
Technology services	12,450	20,541	32,991	9,890	4,564	14,454	47,445	56,660
Conference planning services		43,965	43,965				43,965	103,851
Virtual training modules		40,193	40,193				40,193	
Interest and bank fees	14,395	1,060	15,455	2,064	3,935	5,999	21,454	8,735
Printing	1,396	2,311	3,707	4,409	3,224	7,633	11,340	13,647
Miscellaneous expenses	9,579	432	10,011	2,553	3,509	6,062	16,073	13,302
Insurance	1,843	2,188	4,031	4,261	3,225	7,486	11,517	10,265
Operating supplies	5,269	972	6,241	1,802	1,616	3,418	9,659	10,848
Taxes, licenses, and fees	1,120	1,332	2,452	2,591	1,961	4,552	7,004	6,530
Postage and freight	991	136	1,127	198	2,252	2,450	3,577	4,141
<b>Total Expenses</b>	<b>\$ 743,611</b>	<b>\$ 421,976</b>	<b>\$ 1,165,587</b>	<b>\$ 276,198</b>	<b>\$ 341,027</b>	<b>\$ 617,225</b>	<b>\$ 1,782,812</b>	<b>\$ 1,682,454</b>

See notes to financial statements.

**National Assistance League  
Statement of Cash Flows  
Year Ended May 31, 2020  
(with comparative totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (168,240)	\$ (564,937)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	47,862	47,735
Realized and unrealized investment losses	102,557	135,454
Changes in operating assets and liabilities:		
Accounts receivable	24,349	(27,847)
Prepaid expenses	48,474	(22,541)
Accounts payable and accrued liabilities	(274,108)	4,667
Deferred dues and conference revenue	(279,726)	269,338
<b>Net Cash Used in Operating Activities</b>	<b>(498,832)</b>	<b>(158,131)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment		(3,386)
Proceeds on sales/maturities of investments	4,686,499	4,978,087
Purchases of investments	(4,524,864)	(4,647,882)
<b>Net Cash Provided by Investing Activities</b>	<b>161,635</b>	<b>326,819</b>
<b>Cash Flows from Financing Activities</b>		
Principal payments on capital lease obligation	(5,644)	(4,949)
Proceeds from refundable advance	92,937	
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>87,293</b>	<b>(4,949)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(249,904)</b>	<b>163,739</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>567,211</b>	<b>403,472</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 317,307</b>	<b>\$ 567,211</b>
<b>Supplemental Disclosures</b>		
Income taxes paid	\$	\$
Interest paid	\$ 2,862	\$ 3,558

See notes to financial statements.



**National Assistance League  
Notes to Financial Statements  
May 31, 2020**

**Note 1—Organization**

Organization—National Assistance League (Organization)<sup>®</sup>, founded in 1935, is a California nonprofit corporation dedicated to Transforming Lives • Strengthening Community by perpetuating a philosophy of volunteer service to address unmet social needs. With 120 chapters across the United States, National Assistance League carries out its work by creating and maintaining programs targeted to meet the specific needs of the communities which they serve. Members have a voice in governing their chapters, thereby becoming valued assets in their local communities. National Assistance League volunteers touch over 1.7 million lives while contributing over 3.4 million hours in service to their communities, which in turn generates over \$41,200,000 in aggregate that is returned to local economies.

Nature of Activities—Over the years, National Assistance League has enabled thousands of volunteers to effectively lead their local chapters by providing administrative, legal and operational guidance. The guidance includes written resources available on the website; annual chapter president, treasurer, and Assisteens<sup>®</sup> leader training; and National Conference. The following outlines the tools used by National Assistance League to support the growth of effective volunteerism in the chapters:

National Educational Conference and Leadership Training—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 management. In addition, the educational sessions offer great networking opportunities for attendees to meet members from across the country, compare notes, offer suggestions, share ideas, and support each other.

Chapter Services—Chapter Services Support Team is a committee composed of experienced National Leadership Team volunteers partnering with chapters to support and carry out the organization’s mission of transforming lives through community programs.

Chapter Services’ goals are to empower chapter leaders to understand the basic legal, fiscal, and fiduciary requirements of managing a 501(c)(3); to serve as a valuable resource to help guide chapters through the challenges of running their chapter; and most importantly, to listen and celebrate chapters’ successes while providing a valuable link and touchpoint to the national organization and current initiatives.

Chapter Services Support Team provides chapters with:

- 1) A complete library of resources for managing the chapter including policies and procedures;
- 2) On-site visits that promote the interchange of ideas;
- 3) On-site training of incoming boards; and
- 4) A staff of paid and volunteer experts to respond to the specific chapter concerns in the areas of:
  - a) Bylaws, Governance, Membership;
  - b) Finance, Accounting;
  - c) Programs;
  - d) Resource Development, Strategic Planning, Marketing Communications; and
  - e) Technology.

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

Highlights of the Year—During the 2019-2020 fiscal year, National Assistance League executed on its strategies to reimagine and revitalize the national conference as well as the revenue and expense strategy associated with producing such a major event. The result was **CONNECT2019**, a conference which met or exceeded expectations with regard to content and format, attendance, and revenue/expense projections. Additionally, the organization was successful in attracting its first major sponsor to the event and is continuing to develop that relationship into an ongoing one for the organization and our chapters in the years to come.

With the onset of COVID-19 in the third and fourth quarters of the fiscal year, the national organization's continued commitment to increasing the use of technology to facilitate its work became even more important. While we continued with our Salesforce integration and collection of data and key performance indicators related to programs, the organization also deployed technology to make up for the lack of ability to gather in person at all levels due to the stay-at-home orders in most jurisdictions. With the deployment of a new virtual meeting platform, the organization was able to not only continue its regular business effectively, but it was also able to assist chapters in conducting their regular business, provide timely scheduled meetings with up to the minute information and recommendations on current events, and continue to deliver its programs in a virtual environment. The change from in-person to virtual events also allowed the national organization to realize a significant savings on event expenses and modest income to support ongoing operations and continued investment in organizational infrastructure.

Looking ahead to the 2020-2021 fiscal year, the national organization will continue to examine and diversify its revenue streams and evaluate expenses. With the likely continuation of the worldwide pandemic, the organization will also continue to operate in a virtual mode and will research new options for delivering programs and services to chapters. Additionally, the Board of Directors continues to transition from a working board member model to a governance model for the organization.

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, most 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.

**Note 2—Summary of Significant Accounting Policies**

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. National Assistance League recognizes grants and contributions as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of National Assistance League and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of National Assistance League. These net assets may be used at the discretion of National Assistance League's management and the board of directors.

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of National Assistance League and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit National Assistance League to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of membership services, conference activities, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—National Assistance League is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, National Assistance League has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at May 31, 2020. Generally, National Assistance League’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Recently Adopted Accounting Principles

Contributions—In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities (NFPs) are to account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (the prevalent practice today). An accommodation (“simultaneous release” option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors are to use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

required. ASU No. 2018-08 has been adopted by National Assistance League for the year ended May 31, 2020, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements and noted that there was no material effect on the financial statements.

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. National Assistance League has adopted ASU No. 2014-09 for the year ended May 31, 2020, and is utilizing the retrospective approach method for the financial statement presentation. The aggregate effect was an increase of \$38,552 in the deferred dues and conference revenue, decrease of \$38,552 in net assets without donor restrictions, and a decrease of \$38,552 in membership dues during the year ended May 31, 2019, and an increase of \$38,552 in membership dues during the year ended May 31, 2020, respectively.

Cash and Cash Equivalents—National Assistance League considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value 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 net assets without donor restrictions.

Property and Equipment—Property and equipment are stated at cost when purchased or estimated fair market value at the date of gift or bequest. National Assistance League depreciates its property and equipment using the straight-line-method over the following estimated useful lives.

Furniture and equipment	5 to 10 years
Website and software	3 to 5 years
Leasehold improvements	15 years

National Assistance League follows the practice of capitalizing all expenditures for property in excess of \$1,000.

Deferred Membership Dues and Conference Fees—Membership dues and conference fees collected prior to the fiscal year to which they apply are deferred and recognized over the period to which the dues and fees relate.

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Concentration of Credit Risk—Cash and cash equivalents, investments in securities, and receivables are the primary form of concentration of credit risk to which National Assistance League is subject. National Assistance League places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000. At times, in the normal course of business, such cash balances are in excess of the FDIC/SIPC insurance limits, but management deems the risk of loss due to these concentrations to be minimal. Conservative investment guidelines established by the Board of Directors govern National Assistance League investments in securities to achieve diversification of the portfolio. National Assistance League assessed the credit risk associated with investments held at May 31, 2020, and has determined that an allowance for potential losses due to credit risk is not necessary.

Contributions—All contributions are considered to be available for unrestricted use unless specifically restricted by the grantor/donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are satisfied in the same reporting period are reported as net assets without donor restrictions.

Donated Services—Services donated to National Assistance League are recognized as in-kind donations when services received 1) create or enhance nonfinancial assets or 2) require specialized skills. A significant portion of National Assistance League's program services, fundraising, and administrative functions are conducted by unpaid volunteers, which do not meet these criteria. During the years ended May 31, 2020 and 2019, these volunteers donated approximately 39,717 and 41,666 hours with an estimated value of \$952,414 and \$1,074,149, respectively. This value was computed using an estimated hourly rate of \$23.98 and \$25.78, based upon the average hourly earnings of nonagricultural workers for the twelve-month periods ended May 31, 2020 and 2019, respectively, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, and includes 12% for estimated fringe benefits.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries and benefits, accounting services, occupancy, and depreciation are allocated on the basis of time studies. Audio visual services, technology services, and interest and bank fees are allocated directly and by usage estimates. All other functional expenses are charged directly to programs or function benefitted and by time studies.

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Reclassifications—Certain amounts in 2019 have been reclassified to conform with the 2020 financial statement presentation.

Comparative totals for 2019—The accompanying 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 to conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with National Assistance League’s audited financial statement for the year ended May 31, 2019, from which summarized information was derived.

**Note 3—Availability and Liquidity**

National Assistance League's goal is generally to maintain cash to meet two to three months of operating expenses (approximately \$300,000-\$400,000). As part of its liquidity plan, excess cash is invested in a diversified investment portfolio, including money market and other funds described in Note 4.

The following represents the availability and liquidity of National Assistance League's financial assets at May 31, 2020 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	316,457
Accounts receivable		3,498
Investments		4,105,667
		<hr/>
<b>Current Availability of Financial Assets</b>	<b>\$</b>	<b><u>4,425,622</u></b>

National Assistance League also has a \$1,596,000 board designated reserve fund available for appropriation.

**Note 4—Investments and Fair Value**

In determining the fair value of investments, National Assistance League utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. National Assistance League determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the National Assistance League at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 4—Investments and Fair Value—Continued**

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

National Assistance League may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by National Assistance League to value is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. National Assistance League had no investments classified at NAV as a practical expedient during the years ended May 31, 2020 and 2019.

Investments measured on a recurring basis at May 31, 2020 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 1,953,402	\$ 1,953,402	\$	\$
Fixed income funds	1,836,902	1,836,902		
Real estate fund	222,747	222,747		
Commodities fund	128,616	128,616		
<b>Totals</b>	<b>\$ 4,141,667</b>	<b>\$ 4,141,667</b>	<b>\$</b>	<b>\$</b>

Investments measured on a recurring basis at May 31, 2019 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 2,494,661	\$ 2,494,661	\$	\$
Fixed income funds	1,595,798	1,595,798		
Real estate fund	65,543	65,543		
Commodities fund	249,857	249,857		
<b>Totals</b>	<b>\$ 4,405,859</b>	<b>\$ 4,405,859</b>	<b>\$</b>	<b>\$</b>

Investment return, net for the year ended May 31, 2020 and 2019 consists of the following

	<u>2020</u>	<u>2019</u>
Realized and unrealized losses, net	\$ (102,557)	\$ (135,454)
Investment management fees	(48,590)	(32,880)
<b>Investment Return, Net</b>	<b>(151,147)</b>	<b>(168,334)</b>
Interest and dividends	129,911	115,263
<b>Total Investment Return</b>	<b>\$ (21,236)</b>	<b>\$ (53,071)</b>

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 5—Property and Equipment, Net**

Net property and equipment at May 31, 2020 and 2019 consists of the following:

Furniture, fixtures and equipment	\$ 167,022	\$ 167,022
Website and software	192,234	192,234
Leasehold improvements	15,000	15,000
	<u>374,256</u>	<u>374,256</u>
	<b>Gross</b>	<b>374,256</b>
Less accumulated depreciation	(317,055)	(269,193)
	<u>(317,055)</u>	<u>(269,193)</u>
	<b>Net</b>	<b>\$ 105,063</b>
	<u>\$ 57,201</u>	<u>\$ 105,063</u>

Total depreciation expense recorded for the year ended May 31, 2020 and 2019 was \$47,862 and \$47,735, respectively.

**Note 6—Refundable Advance**

On May 1, 2020, National Assistance League received \$92,937 of Paycheck Protection Program (PPP) funding from the Small Business Administration through a bank. While these funds carry loan repayment terms, it is the opinion of management and the board of directors that all funds received will be forgiven under the present terms of the PPP.

**Note 7—Leases**

National Assistance League leases equipment under a capital lease. The cost of the equipment and the corresponding accumulated depreciation as of May 31, 2020 amounted to \$31,000 and \$14,983, respectively. Future minimum payments under this lease at May 31, 2020 consist of the following:

<u>Year Ending May 31,</u>		
2021	\$	8,508
2022		8,508
2023		4,958
		<u>21,974</u>
	<b>Total Minimum Lease Payments</b>	<b>21,974</b>
Less: total interest expense		(3,444)
		<u>(3,444)</u>
	<b>Present Value of Minimum Lease Payments</b>	<b>\$ 18,530</b>
		<u>\$ 18,530</u>



**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 7—Leases—Continued**

National Assistance League leases office space under an operating lease expiring in May 2023. Future minimum lease payments under this lease are as follows:

<u>Year Ending May 31,</u>		
2021	\$	67,371
2022		69,393
2023		71,474
	<b>Total</b>	<b><u>\$ 208,238</u></b>

**Note 8—Commitments**

As of May 31, 2020 and 2019, National Assistance League has entered into contracts with various hotels through September 2023 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.

**Note 9—Net Assets Without Donor Restrictions**

Net assets without donor restrictions at May 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 2,599,023	\$ 4,291,004
Board-designated		
Designated for future operating reserves	1,560,000	
Designated for future capital needs	36,000	36,000
<b>Total Board-Designated</b>	<b><u>1,596,000</u></b>	<b><u>36,000</u></b>
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 4,195,023</u></b>	<b><u>\$ 4,327,004</u></b>

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 10—Net Assets With Donor Restrictions**

Net assets with donor restrictions at May 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Subject to time restrictions:		
Circle	\$ 850	\$ 37,058
Subject to National Assistance League's endowment spending policy and appropriation:		
Endowment	10,000	10,000
Underwater endowment	(118)	(67)
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 10,732</u></b>	<b><u>\$ 46,991</u></b>

Net assets released from donor restrictions for the year ended May 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of time restriction	\$ 37,058	897
<b>Total Net Assets Released from Donor Restriction</b>	<b><u>\$ 37,058</u></b>	<b><u>\$ 897</u></b>

**Note 11—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 net assets with donor restrictions held in perpetuity (Corpus) (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 net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by National Assistance League.

In accordance with UPMIFA, National Assistance League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 11—Endowment Fund—Continued**

- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

The primary long-term financial objective is to preserve and enhance the real (i.e., inflation-adjusted) purchasing power of the endowment through a prudent long-term investment strategy expected to earn an average annual nominal return consistent with the market. National Assistance League manages its endowment on a total rate of return basis consisting of dividends, interest, and any net increase / decrease in market value of securities for the fiscal year, not favoring returns from one source over another.

National Assistance League has a policy governing the amount of endowment earnings that can be released annually for spending, consistent with the restrictions, if any, placed on the endowment by donors. The spending policy authorizes an annual distribution equal to the annual net realized investment return, including interest and dividends during the year.

Changes in endowment net assets for the year ended May 31, 2020 and 2019 are as follows:

	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
<b>Endowment Net Assets at June 1, 2018</b>	\$	\$ 10,000	\$ 10,000
Interest and dividends		232	232
Investment return, net		(299)	(299)
<b>Endowment Net Assets at May 31, 2019</b>		<b>9,933</b>	<b>9,933</b>
Interest and dividends		377	377
Investment return, net		(428)	(428)
<b>Endowment Net Assets at May 31, 2020</b>	<b>\$</b>	<b>\$ 9,882</b>	<b>\$ 9,882</b>

As the value of the endowment funds decreased below Corpus during the years ended May 31, 2020 and 2019, National Assistance League did not appropriate funds for expenditure.

**Note 12—Recent Accounting Pronouncements**

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2020, with early adoption permitted. National Assistance League is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

**National Assistance League**  
**Notes to Financial Statements—Continued**

**Note 13—Subsequent Events**

In June 2020, the Organization opened a \$1,000,000 revolving line of credit it can draw upon.

Management evaluated all activities of National Assistance League through August 17, 2020, which is the date the financial statements were available to be issued, and concluded that, other than the subsequent line of credit described above, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.