

Audited Financial Statements



May 31, 2022

Quigley & Miron

**National Assistance League
Audited Financial Statements
Table of Contents
May 31, 2022**

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

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report

Board of Directors
National Assistance League
Burbank, California

Opinion

We have audited the accompanying financial statements of National Assistance League (Organization), a nonprofit organization, which comprise the statement of financial position as of May 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2022, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
September 7, 2022

**National Assistance League
Statement of Financial Position
May 31, 2022**

Assets

Cash and cash equivalents	\$ 502,132
Accounts receivable	165,830
Prepaid expenses and other assets	68,196
Investments—Note 4	4,724,997
Property and equipment, net—Note 5	<u>17,428</u>
Total Assets	<u>\$ 5,478,583</u>

Liabilities and Net Assets

Accounts payable and accrued liabilities	\$ 90,602
Deferred dues	397,572
Capital lease obligation—Note 7	<u>4,750</u>
Total Liabilities	492,924

Net Assets

Without donor restrictions—Note 8	4,975,659
With donor restrictions—Note 9	<u>10,000</u>
Total Net Assets	<u>4,985,659</u>

Total Liabilities and Net Assets **\$ 5,478,583**

See notes to the financial statements.

National Assistance League
Statement of Activities
Year Ended May 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenues			
Membership dues	\$ 787,953	\$	\$ 787,953
Conference fees	337,392		337,392
Grants and contributions	144,154		144,154
PPP grant—Note 6	100,000		100,000
Interest and dividends	191,312	368	191,680
Other income	4,172		4,172
Net assets released from restrictions	7,079	(7,079)	
Total Support and Revenues	1,572,062	(6,711)	1,565,351
Expenses			
Program services			
Chapter educational conferences	452,071		452,071
Chapter services	396,161		396,161
Total Program Services	848,232		848,232
Supporting services			
Management and general	299,208		299,208
Membership and fund development	129,016		129,016
Total Supporting Services	428,224		428,224
Total Expenses	1,276,456		1,276,456
Change in Net Assets from Operations	295,606	(6,711)	288,895
Nonoperating Activities			
Investment return, net—Note 4	(501,607)	(966)	(502,573)
Change in Nonoperating Activities	(501,607)	(966)	(502,573)
Change in Net Assets	(206,001)	(7,677)	(213,678)
Net Assets at Beginning of Year	5,181,660	17,677	5,199,337
Net Assets at End of Year	\$ 4,975,659	\$ 10,000	\$ 4,985,659

See notes to financial statements.

National Assistance League
Statement of Functional Expenses
Year Ended May 31, 2022

	Program Services			Supportive Services			Total
	Chapter Educational Conferences	Chapter Services	Total Program Services	Management and General	Membership and Fund Development	Total Supporting Services	
Salaries, payroll taxes, and benefits	\$ 91,510	\$ 267,801	\$ 359,311	\$ 151,375	\$ 65,706	\$ 217,081	\$ 576,392
Professional services	42,180	69,391	111,571	67,806	32,930	100,736	212,307
Outside services	165,581	3,983	169,564	2,530	1,172	3,702	173,266
Licenses, fees, and subscriptions	97,266	11,890	109,156	25,010	11,770	36,780	145,936
Occupancy	13,771	33,640	47,411	21,377	9,902	31,279	78,690
Conference materials	30,259		30,259				30,259
Bank and merchant fees	7,819		7,819	977	3,307	4,284	12,103
Depreciation	2,000	4,887	6,887	3,106	1,439	4,545	11,432
Board meeting expenses				10,762		10,762	10,762
Insurance	899	2,193	3,092	5,802	646	6,448	9,540
Miscellaneous expenses		850	850	5,389		5,389	6,239
Operating supplies	62		62	3,558	167	3,725	3,787
Printing and copier lease	624	1,526	2,150	970	449	1,419	3,569
Postage and freight	100		100	546	1,528	2,074	2,174
Total Expenses	\$ 452,071	\$ 396,161	\$ 848,232	\$ 299,208	\$ 129,016	\$ 428,224	\$ 1,276,456

See notes to financial statements.

**National Assistance League
Statement of Cash Flows
Year Ended May 31, 2022**

Cash Flows from Operating Activities	
Change in net assets	\$ (213,678)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,432
Investment losses	451,417
Changes in operating assets and liabilities:	
Accounts receivable	(4,717)
Prepaid expenses and other assets	11,526
Accounts payable and accrued liabilities	13,033
PPP advance	(100,000)
Deferred dues	(93,585)
	<hr/>
Net Cash Provided by Operating Activities	75,428
Cash Flows from Investing Activities	
Proceeds on sales/maturities of investments	884,018
Purchases of investments	(911,718)
	<hr/>
Net Cash Used in Investing Activities	(27,700)
Cash Flows from Financing Activities	
Principal payments on capital lease obligation	(7,342)
	<hr/>
Net Cash Used in Financing Activities	(7,342)
Net Increase in Cash and Cash Equivalents	40,386
Cash and Cash Equivalents at Beginning of Year	461,746
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 502,132
	<hr/> <hr/>
Supplemental Disclosures	
Income taxes paid	\$
Interest paid	\$ 1,164
	<hr/> <hr/>

See notes to financial statements.

National Assistance League
Notes to Financial Statements
May 31, 2022

Note 1—Organization

National Assistance League® (Organization), founded in 1935, is a California nonprofit corporation dedicated to a philosophy of training and empowering member volunteers to address unmet social needs in their communities. With 120 chapters in 26 states across the United States, the Organization supports its chapters to carry out their work of creating and maintaining programs targeted to meet the specific needs of the communities which they serve. Member volunteers have a voice in governing their chapters, thereby becoming valued voices in their local communities. On average, National Assistance League volunteers touch over 1.5 million lives, while contributing over 3.5 million hours in service to their communities, which in turn generates over \$44,200,000 in aggregate being returned to local economies.

Nature of Activities—Over the years, the Organization has trained 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® leader training; and a National Conference in odd numbered years. Additionally, with the onset of the COVID-19 pandemic, the organization heavily relied on online communication tools to hold regular formal and informal conversations, meetings, and webinars. The following outlines the tools used by the Organization to support the growth of effective volunteerism in the chapters:

Chapter Educational Conferences—Chapter educational conferences provide education, networking, and training for member volunteers. The sessions cover many relevant topics on both the strategic, as well as day-to-day management of a chapter, including meeting management, financial and technical knowledge, new concepts and trends in nonprofits, and human resources. 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 volunteers who have held or are holding leadership positions at the national level. They partner with chapters to support and carry out the Organization’s shared mission by empowering 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, as well as an archive of recorded webinars;
- 2) Interactions that promote the interchange of ideas;
- 3) 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.

Highlights of the Year—The fiscal year ended May 31, 2022, continued the theme of innovation and reimagination of National Assistance League relative to its work with chartered chapters.

National Assistance League
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Accomplishments toward this overarching goal include:

- Reimagined by-laws as the first step that allows service to chapters in a different and more flexible way
- Evaluation of “Policies and Procedures” vis-à-vis chapters leading to a new approach and mindset to “guiding principles and minimum standards” as we invite chapters to work alongside each other and together with the national organization
- Continuing to shift the paradigm from that of “watchdog” to “service dog” while learning from professionals and peer organizations how we might do that
- Creating an operating structure that rebalances the focus of volunteers (more towards governance) and professional staff (managing and executing day-to-day operations) while also developing and strengthening relationships with external vendors
- Developing external programs partnership with AARP Foundation Experience Corps as well as program support and revenue sharing partnership with RightGift
- Beginning to shift marketing and finance to in-house functions primarily rather than being volunteer-led
- Creating a curated list of educational modules to support the learning of our board and national leadership team in a variety of areas
- Creating a Diversity, Equity, and Inclusion Task Force to guide the national organization and ultimately chapters on our journey to being a more inclusive organization at all levels

Support and Revenue—The Organization’s support and revenue during the year ended May 31, 2022, 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. The 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. The Organization recognizes grants and contributions as revenue in the period received if a right of return and barrier does not exist. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of the Organization 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 the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

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 the Organization 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 the Organization 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.

National Assistance League
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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

Income Taxes—The Organization 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, the Organization 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 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, 2022. Generally, the Organization’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—The Organization 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. Interest and dividend income earned on investments is recognized when received and reported as interest and dividends under support and revenues in the statement of activities.

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

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

The Organization follows the practice of capitalizing all expenditures for property in excess of \$1,000.

Deferred Dues—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. Membership dues not yet paid at May 31, 2022 are recorded as accounts receivable all due within one year.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and investments in securities. The Organization 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 is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances are in excess of the FDIC and SIPC coverage limits. Management regularly reviews the financial stability

National Assistance League
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

of its cash and money market fund depositories and its allocation of investments and deems the risk of loss due to these concentrations to be minimal.

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 the Organization are recognized as in-kind donations when services received 1) create or enhance nonfinancial assets or 2) require specialized skills. A significant portion of the Organization's program services, fundraising, and administrative functions are conducted by unpaid volunteers, which do not meet these criteria. During the year ended May 31, 2022, these volunteers donated approximately 36,264 hours with an estimated value of \$1,017,568. This value was computed using an estimated hourly rate of \$28.06, based upon the average hourly earnings of nonagricultural workers for the twelve-month periods ended May 31, 2022, 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. All other functional expenses are charged directly to programs or function benefitted and by time studies.

Note 3—Availability and Liquidity

The Organization'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 the Organization's financial assets at May 31, 2022, to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	502,132
Accounts receivable		165,830
Investments		3,004,997
		<hr/>
Current Availability of Financial Assets	\$	<u>3,672,959</u>

The Organization also has a \$1,710,000 board-designated reserve fund available for appropriation and a \$1,000,000 revolving line of credit, secured by investments, available to meet any unforeseen circumstances.

National Assistance League
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value

In determining the fair value of investments, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization 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 Organization 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.

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

The Organization 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 the Organization 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. The Organization had no investments classified at NAV as a practical expedient during the year ended May 31, 2022.

Investments measured on a recurring basis at May 31, 2022 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 2,209,551	\$ 2,209,551	\$	\$
Fixed income funds	2,009,899	2,009,899		
Real estate fund	193,353	193,353		
Commodities fund	312,194	312,194		
Totals	<u>\$ 4,724,997</u>	<u>\$ 4,724,997</u>	<u>\$</u>	<u>\$</u>

Investment activity for the year ended May 31, 2022, consists of the following

Realized gains	\$ 41,027
Unrealized losses	(492,444)
Investment management fees	<u>(51,156)</u>
Investment Return, Net	(502,573)
Interest and dividends	<u>191,680</u>
Total Investment Return	<u>\$ (310,893)</u>

National Assistance League
Notes to Financial Statements—Continued

Note 5—Property and Equipment, Net

Net property and equipment at May 31, 2022, consists of the following:

Website and software	\$ 153,218
Furniture, fixtures, and equipment	111,355
Leasehold improvements	<u>15,000</u>
Gross	279,573
Less accumulated depreciation	<u>(262,145)</u>
Property and Equipment, Net	<u>\$ 17,428</u>

Total depreciation expense recorded for the year ended May 31, 2022, was \$11,432.

Note 6—PPP Grant

On March 16, 2021, the Organization received \$100,000 in funding from the Small Business Administration (SBA) through the Paycheck Protection Program (PPP). During the year ended May 31, 2022, the Organization received official notice of forgiveness from the SBA for the full advance amount and recognized \$100,000 in grant revenue.

Note 7—Leases

The Organization leases equipment under a capital lease. The cost of the equipment and the corresponding accumulated depreciation as of May 31, 2022, amounted to \$31,000 and \$27,383, respectively. Future minimum payments under this lease at May 31, 2022 consist of the following:

<u>Year Ending May 31,</u>	
2023	\$ <u>4,958</u>
Total Minimum Lease Payments	4,958
Less: total interest expense	<u>(208)</u>
Present Value of Minimum Lease Payments	<u>\$ 4,750</u>

The Organization 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>	
2023	\$ <u>71,474</u>
Total	<u>\$ 71,474</u>

National Assistance League
Notes to Financial Statements—Continued

Note 8—Net Assets without Donor Restrictions

Net assets without donor restrictions at May 31, 2022, consist of the following:

Undesignated	\$	3,265,659
Board-designated		
Designated for future operating reserves		1,560,000
Designated for future capital needs		150,000
		<hr/>
Total Board-Designated		1,710,000
		<hr/>
Total Net Assets without Donor Restrictions	\$	4,975,659

Note 9—Net Assets with Donor Restrictions

Net assets with donor restrictions at May 31, 2022, consist of the following:

Held in perpetuity:		
Endowment	\$	10,000
		<hr/>
Total Net Assets with Donor Restrictions	\$	10,000

Net assets released from donor restrictions for the year ended May 31, 2022 are as follows:

Satisfaction of purpose restrictions:		
Circle fund	\$	5,430
Appropriation of expenditure		1,649
		<hr/>
Total Net Assets Released from Donor Restriction	\$	7,079

Note 10—Endowment Fund

Generally accepted accounting principles provide 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.

The Organization'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.

The Organization 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 the Organization.

National Assistance League
Notes to Financial Statements—Continued

Note 10—Endowment Fund—Continued

In accordance with UPMIFA, the Organization 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
- (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. The Organization 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.

The Organization 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, 2022 are as follows:

	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets at May 31, 2021	\$ 2,247	\$ 10,000	\$ 12,247
Interest and dividends	368		368
Investment return, net	(966)		(966)
Total Investment Return on Endowment Funds	(598)		(598)
Appropriation of expenditure	(1,649)		(1,649)
Endowment Net Assets at May 31, 2022	\$	\$ 10,000	\$ 10,000

National Assistance League
Notes to Financial Statements—Continued

Note 11—Recent Accounting Pronouncements

Gifts-in-Kind—In September 2020, Financial Accounting Standards Board (FASB) issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Leases—In February 2016, FASB issued Accounting Standards Update (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 to be applied using the modified retrospective approach and is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Note 12—Subsequent Events

Subsequent to year-end, the Organization renewed its revolving line of credit through June 3, 2023.

Management evaluated all activities of National Assistance League through September 7, 2022, which is the date the financial statements were available to be issued, and concluded that other than the revolving line of credit renewal described above, no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.