



Financial Statements
May 31, 2011 and 2010

**Assistance League [®] of
Phoenix Arizona**

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Independent Auditor's Report

The Board of Directors
Assistance League ® of Phoenix Arizona
Phoenix, Arizona

We have audited the accompanying statements of financial position of Assistance League ® of Phoenix Arizona as of May 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe our audits provided a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance League ® of Phoenix Arizona as of May 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Phoenix, Arizona
November 14, 2011

Assistance League ® of Phoenix Arizona
 Statements of Financial Position
 May 31, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 753,745	\$ 1,049,830
Investments	447,259	83,898
Promises to give receivable	-	2,929
Prepaid expenses	7,500	7,885
Advance deposits	490	490
Inventory	204,207	281,238
Property and equipment, net	1,653,142	1,687,219
Total Assets	\$ 3,066,343	\$ 3,113,489
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 32,239	\$ 13,104
Deferred revenue	10,710	14,495
Accrued use tax liability	113	706
Total Liabilities	43,062	28,305
Net Assets		
Unrestricted	2,937,904	2,989,107
Temporarily restricted	85,377	96,077
Total Net Assets	3,023,281	3,085,184
Total Liabilities and Net Assets	\$ 3,066,343	\$ 3,113,489

	2011		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Fundraising			
Thrift Shop Revenue			
Contributions of merchandise	\$ 255,999	\$ -	\$ 255,999
Sales of donated merchandise	252,731	-	252,731
Less: Value of merchandise sold	(252,731)	-	(252,731)
Net sales revenue from Thrift Shop	255,999	-	255,999
Less: cost of sales	(114,389)	-	(114,389)
Net revenue from Thrift Shop	141,610	-	141,610
Special event revenue	136,806	-	136,806
Less: Costs of direct donor benefits	(46,055)	-	(46,055)
Net revenue from special events	90,751	-	90,751
Other special fundraising	19,317	-	19,317
Contributions	4,880	-	4,880
Grants	117,440	-	117,440
Investment income	3,089	342	3,431
Membership	24,107	-	24,107
Memorials	5,095	-	5,095
Unrealized gains on investments	62,794	-	62,794
Net assets released from restrictions	11,042	(11,042)	-
Total Revenues, Gains, and Other Support	480,125	(10,700)	469,425
Expenses			
Program expenses			
Operation School Bell®	347,401	-	347,401
Hugs	24,123	-	24,123
Learn	52,907	-	52,907
Scholarships	54,840	-	54,840
Wee help	13,895	-	13,895
Total program expenses	493,166	-	493,166
Supporting expenses			
Fundraising expenses			
Special event	4,529	-	4,529
Other	-	-	-
Total fundraising expenses	4,529	-	4,529
Membership development	15,272	-	15,272
Management and general	18,361	-	18,361
Total supporting expenses	38,162	-	38,162
Total Expenses	531,328	-	531,328
Change in Net Assets	(51,203)	(10,700)	(61,903)
Net Assets, Beginning of Year	2,989,107	96,077	3,085,184
Net Assets, End of Year	\$ 2,937,904	\$ 85,377	\$ 3,023,281

See Notes to Financial Statements

Assistance League ® of Phoenix Arizona
 Statements of Activities
 Years Ended May 31, 2011 and 2010

2010		
Unrestricted	Temporarily Restricted	Total
\$ 224,709	\$ -	\$ 224,709
222,667	-	222,667
(222,667)	-	(222,667)
224,709	-	224,709
(112,612)	-	(112,612)
112,097	-	112,097
123,102	-	123,102
(29,247)	-	(29,247)
93,855	-	93,855
2,508	-	2,508
46,839	-	46,839
55,290	-	55,290
7,023	567	7,590
13,327	-	13,327
305	-	305
(3,307)	-	(3,307)
17,699	(17,699)	-
345,636	(17,132)	328,504
334,582	-	334,582
26,412	-	26,412
59,973	-	59,973
77,842	-	77,842
17,307	-	17,307
516,116	-	516,116
16,944	-	16,944
1,093	-	1,093
18,037	-	18,037
11,160	-	11,160
20,351	-	20,351
49,548	-	49,548
565,664	-	565,664
(220,028)	(17,132)	(237,160)
3,209,135	113,209	3,322,344
\$ 2,989,107	\$ 96,077	\$ 3,085,184

Assistance League ® of Phoenix Arizona
Statements of Functional Expenses
Year Ended May 31, 2011

	2011													
	Program Services						Supporting Services							
	Operation School Bell@	HUGS	Learn	Scholar- ships	Wee Help	Total Program Services	Fundraising		Total Fundraising	Thrift Shop	Membership Develop- ment	Manage- ment and General	Total Supporting Services	Total Expenses
Direct costs	\$ 256,591	\$ 18,147	\$ 46,962	\$ 48,617	\$ 11,871	\$ 382,188	\$ 46,055	\$ -	\$ 46,055	\$ 5,566	\$ -	\$ -	\$ 51,621	\$ 433,809
Bank charges	734	55	131	142	33	1,095	1,243	-	1,243	2,539	-	365	4,147	5,242
Dues and subscriptions	137	10	25	26	6	204	16	-	16	17	-	35	68	272
Computer expense	3,696	276	662	717	165	5,516	441	-	441	441	-	956	1,838	7,354
Copier expense	1,751	131	314	340	77	2,613	209	-	209	209	-	453	871	3,484
National conference	2,984	223	534	579	134	4,454	356	-	356	356	-	772	1,484	5,938
Education	333	25	60	65	30	513	39	-	39	39	-	86	164	677
Facilities expense	31,233	1,938	536	474	489	34,670	78	-	78	46,408	-	4,661	51,147	85,817
Investment advisor fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Newsletters	608	45	109	118	27	907	72	-	72	72	-	157	301	1,208
Office expense	2,307	172	413	448	103	3,443	275	-	275	275	-	597	1,147	4,590
Professional services	9,510	710	1,703	1,845	426	14,194	1,135	-	1,135	1,136	-	2,460	4,731	18,925
Public relations	3,970	296	712	770	178	5,926	474	-	474	474	-	1,027	1,975	7,901
Resource development	321	24	57	62	15	479	41	-	41	41	-	83	165	644
Roster	739	55	132	144	33	1,103	88	-	88	88	-	191	367	1,470
Salaries and benefits	-	-	-	-	-	-	-	-	-	32,253	-	-	32,253	32,253
Truck expense	-	-	-	-	-	-	-	-	-	205	-	-	205	205
National dues	-	-	-	-	-	-	-	-	-	-	7,385	-	7,385	7,385
Room rental expense	-	-	-	-	-	-	-	-	-	-	-	1,670	1,670	1,670
Members' expense	-	-	-	-	-	-	-	-	-	-	7,476	-	7,476	7,476
Orientation	-	-	-	-	-	-	-	-	-	-	411	-	411	411
Subtotal	314,914	22,107	52,350	54,347	13,587	457,305	50,522	-	50,522	90,119	15,272	13,513	169,426	626,731
Depreciation	32,487	2,016	557	493	308	35,861	62	-	62	24,270	-	4,848	29,180	65,041
Total expenses	347,401	24,123	52,907	54,840	13,895	493,166	50,584	-	50,584	114,389	15,272	18,361	198,606	691,772
Less: Expenses included with revenues on statement of activities	-	-	-	-	-	-	(46,055)	-	(46,055)	(114,389)	-	-	(160,444)	(160,444)
Total expenses included in expense section on statement of activities	\$ 347,401	\$ 24,123	\$ 52,907	\$ 54,840	\$ 13,895	\$ 493,166	\$ 4,529	\$ -	\$ 4,529	\$ -	\$ 15,272	\$ 18,361	\$ 38,162	\$ 531,328

Assistance League ® of Phoenix Arizona
 Statements of Functional Expenses
 Year Ended May 31, 2010

	2010													
	Program Services						Supporting Services							
	Operation School Bell@	HUGS	Learn	Scholar- ships	Wee Help	Total Program Services	Fundraising		Total Fundraising	Thrift Shop	Membership Develop- ment	Management and General	Total Supporting Services	Total Expenses
Direct costs	\$ 246,528	\$ 20,371	\$ 53,178	\$ 68,900	\$ 14,494	\$ 403,471	\$ 40,194	\$ 939	\$ 41,133	\$ 6,251	\$ -	\$ -	\$ 47,384	\$ 450,855
Bank charges	-	-	-	-	-	-	2,028	154	2,182	981	-	814	3,977	3,977
Dues and subscriptions	4	1	1	-	1	8	-	-	-	-	2	2	10	
Computer expense	1,824	150	388	508	120	2,990	239	-	239	239	-	519	3,987	
Copier expense	1,495	122	318	417	98	2,450	196	-	196	196	-	426	3,268	
National conference	2,524	208	537	703	166	4,138	333	-	333	333	-	712	5,516	
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	
Facilities expense	28,541	1,771	312	433	607	31,664	121	-	121	47,806	-	4,437	84,028	
Investment advisor fees	-	-	-	-	-	-	-	-	-	-	-	98	98	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	789	789	
Newsletters	1,254	103	267	350	82	2,056	165	-	165	165	-	356	2,742	
Office expense	1,583	130	337	441	104	2,595	207	-	207	208	-	450	3,460	
Professional services	15,741	1,290	3,355	4,387	1,032	25,805	2,064	-	2,064	2,064	-	4,473	34,406	
Public relations	3,559	292	758	992	233	5,834	467	-	467	467	-	1,011	7,779	
Resource development	-	-	-	-	-	-	-	-	-	-	-	-	-	
Roster	879	72	187	245	58	1,441	115	-	115	115	-	250	1,921	
Salaries and benefits	-	-	-	-	-	-	-	-	-	30,669	-	-	30,669	
Truck expense	-	-	-	-	-	-	-	-	-	920	-	-	920	
National dues	-	-	-	-	-	-	-	-	-	-	7,630	-	7,630	
Room rental expense	-	-	-	-	-	-	-	-	-	-	-	1,140	1,140	
Members' expense	-	-	-	-	-	-	-	-	-	-	3,530	-	3,530	
Orientation	-	-	-	-	-	-	-	-	-	-	-	109	109	
Subtotal	303,932	24,510	59,638	77,377	16,995	482,452	46,129	1,093	47,222	90,414	11,160	15,586	646,834	
Depreciation	30,650	1,902	335	465	312	33,664	62	-	62	24,573	-	4,765	63,064	
Total Expenses	334,582	26,412	59,973	77,842	17,307	516,116	46,191	1,093	47,284	114,987	11,160	20,351	709,898	
Less: Expenses included with revenues on statement of activities	-	-	-	-	-	-	(29,247)	-	(29,247)	(114,987)	-	-	(144,234)	
Total expenses included in expense section on statement of activities	\$ 334,582	\$ 26,412	\$ 59,973	\$ 77,842	\$ 17,307	\$ 516,116	\$ 16,944	\$ 1,093	\$ 18,037	\$ -	\$ 11,160	\$ 20,351	\$ 565,664	

Assistance League ® of Phoenix Arizona
 Statements of Cash Flows
 Years Ended May 31, 2011 and 2010

	2011	2010
Operating Activities		
Change in net assets	\$ (61,903)	\$ (237,160)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	65,041	63,064
Unrealized (gain) / loss on investments	(62,794)	3,307
In-kind donation of equipment	-	(6,200)
Changes in assets and liabilities		
Receivables	2,929	30,190
Prepaid expenses and deposits	385	175
Inventory	77,032	11,863
Accounts payable and accrued expenses	19,135	364
Deferred revenue	(3,785)	6,170
Accrued use tax liability	(593)	(19,131)
	35,447	(147,358)
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of investments	(300,571)	(87,205)
Purchase of equipment	(30,961)	(29,316)
	(331,532)	(116,521)
Net cash used in investing activities		
Net Change in Cash and Cash Equivalents	(296,085)	(263,879)
Cash and Cash Equivalents, Beginning of Year	1,049,830	1,313,709
Cash and Cash Equivalents, End of Year	\$ 753,745	\$ 1,049,830

Note 1 - Nature of Operations and Significant Accounting Policies

Assistance League® of Phoenix Arizona (the Chapter) is an Arizona nonprofit corporation formed in March, 1961. The Chapter is a chartered chapter of National Assistance League®. The Chapter is primarily a volunteer organization whose mission is to improve lives through philanthropic programs that fulfill basic needs, foster self-esteem and enhance quality of life. The Chapter's support and revenue come primarily from contributions and other fundraising efforts including special events and operation of a thrift shop.

The Chapter provides the following programs:

- OPERATION SCHOOL BELL® – fosters self-esteem and self-confidence in children resulting in a more successful educational experience. This program provides basic clothing needs for children by outfitting them with a complete school wardrobe. For many children these are the first new school clothes they have ever owned.
- HUGS – works with local hospitals, Phoenix Police and Fire departments and other agencies to put smiles on the faces of traumatized children when they are comforted by an ALP Teddy Bear stitched with love from Chapter members.
- LEARN – promotes student and family literacy by augmenting the educational resources of Title I elementary schools. Thousands of books and dictionaries reach the hands of children through these gifts. For some this is the first book they have owned.
- SCHOLARSHIPS – provides financial assistance to qualifying junior and senior students enrolled at an accredited four-year Arizona college or university, offering opportunities that impact lives.
- WEE HELP – distributes layette gift bags for infants of new parents in need with the basics for their baby, including blankets, clothing and other essential supplies.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and, accordingly, reflect all significant receivables, payables, and other liabilities. Net assets, revenues, and gains and losses are classified on the existence or absence of donor-imposed restrictions on contributions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Chapter and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e., the donor-stipulated purpose have been fulfilled and/or the stipulated time has elapsed, are reported as reclassification between the applicable classes of net assets. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Concentrations of Credit Risk

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash and cash equivalents. The Chapter maintains cash balances at financial institutions located in the metropolitan Phoenix, Arizona area. The Chapter does not allow its deposits at any one financial institution to exceed the insurance limits of either the Federal Deposit Insurance Corporation (FDIC), the Securities Investors Protection Corporation (SIPC), or private insurance provided by the financial institution.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash held in checking, savings and money market accounts at May 31, 2011 and 2010. For purposes of the statement of cash flows, the Chapter considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash includes amounts which are subject to donor imposed restrictions. There were no other restrictions on cash at May 31, 2011 or 2010. There is no external requirement that the Chapter maintains separate bank accounts and therefore all Chapter funds may be co-mingled.

Investments

Investments in marketable securities with readily determined fair values are presented in the financial statements at fair value. Income from investments consists of interest and dividends. Gains on investments include both realized and unrealized gains and losses in investments.

Promises to Give Receivable

Unconditional promises to give are recorded in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. All promises to give recorded at May 31, 2010 were collected within one year. There are no promises to give at May 31, 2011. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventory

The Chapter maintains an inventory of new clothing and shoes for use in its Operation School Bell ® program, dictionaries for use in its Learn program, teddy bears for use in its Hugs program, and layettes for infants' use in its Wee Help program. All of these inventories are stated at the lower of cost or market determined by the first-in, first-out method. The Chapter also maintains an inventory of used clothing and household items, donated by chapter members and others for resale by a thrift shop operated by the Chapter which is stated at its estimated fair value.

Property and Equipment

Property and equipment are stated at cost, or if donated, at the fair market value at the date of the gift, and net of accumulated depreciation. The Chapter's policy is to capitalize non-liquid assets with a useful life of more than one year. The Chapter depreciates its property and equipment over the estimated useful lives of the assets using the straight-line method, which are ten to 40 years for buildings and improvements, five to ten years for furniture and equipment. There are no restrictions on how these non-liquid assets can be used by the Chapter.

Maintenance and repairs are charged to expense and renovations and improvements are capitalized. When depreciable property is retired or disposed of, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in the changes in net assets.

Deferred Revenue

Membership dues collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues relate.

Donated Materials and Services

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations. Donated materials of \$255,999 and \$224,709 during the years ended May 31, 2011 and 2010, respectively, are reflected in the accompanying financial statements at their fair values at the date of the donation. These materials consisted primarily of used clothing and household items donated by chapter members and others for resale by the thrift shop operated by the Chapter.

In addition, a significant portion of the Chapter's functions and programs are conducted by unpaid volunteers. The value for this contributed time is not reflected in the accompanying financial statements since the services do not require special skills. During the year ended May 31, 2011, these volunteers donated approximately 19,457 hours with an estimated value of \$419,303. This value was computed using an estimated hourly rate of \$21.55, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2011, as determined by the U.S. Department of Labor's Bureau for Labor Statistics, plus 12% for estimated fringe benefits.

Income Tax Status

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code under an exemption granted September 17, 1964. Accordingly, the Chapter 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). The Chapter is also exempt from state income taxes by the Arizona Department of Revenue under an exemption granted May 22, 1975.

The Chapter has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*) on June 1, 2009. The implementation of this standard had no impact on the combined financial statements. As of both the date of adoption, and as of May 31, 2011, the unrecognized tax benefit accrual was zero.

The Chapter will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Chapter is no longer subject to Federal tax examinations by tax authorities for years before 2007 and state examinations for years before 2006.

Functional Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Fair Value Measurements

The Chapter has determined the fair value of certain assets, which is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy, which prioritizes the valuation inputs into three broad levels, is more fully discussed in Note 4.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to comply with the presentation adopted as of and for the year ended May 31, 2011 with no effect on net assets or cash flows.

Subsequent Events

The Chapter has evaluated subsequent events through November 14, 2011, the date which the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at May 31:

	2011	2010
Cash on hand	\$ 300	\$ 300
Checking account, Chase Bank	166,124	100,114
Savings account, Chase Bank	42,302	57,252
Money Market account with ArMA Financial Services, Inc.	545,019	892,164
Total cash and cash equivalents	\$ 753,745	\$ 1,049,830

Note 3 - Investments

Investments consisted of the following at May 31:

	2011	2010
Mutual Funds	\$ 447,259	\$ 83,898

Note 4 - Fair Value Measurements and Disclosures

In determining fair value, the Chapter uses various valuation approaches. FASB ASC 820-10 establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

The statement establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 – Valuations based on the quoted prices in active markets for identical assets or liabilities that the Chapter has the ability to access.

Level 2 – Valuations based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following are the major categories of assets measured at fair value on a recurring basis, using unadjusted quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
May 31, 2011				
Mutual Funds				
Real estate	\$ 36,110	\$ -	\$ -	\$ 36,110
Foreign large blend	69,321	-	-	69,321
Large value	157,752	-	-	157,752
Large growth	71,276	-	-	71,276
Small cap	112,800	-	-	112,800
	<u>\$ 447,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,259</u>
May 31, 2010				
Mutual Funds	<u>\$ 83,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,898</u>

Note 5 - Inventory

Inventory consisted of the following at May 31:

	2011	2010
New clothing and shoes for use in the Operation School Bell® program	\$ 97,323	\$ 201,842
Stuffed bears for use in the HUGS program	7,976	2,600
Infant care items for use in the Wee Help program	1,594	1,885
Dictionaries for use in the Learn program	15,512	6,686
Used clothing and household items held for sale at the Thrift Shop	81,802	68,225
Total inventory	\$ 204,207	\$ 281,238

Note 6 - Property and Equipment

Property and equipment are summarized below:

	2011	2010
Land - 7044 Building	\$ 391,258	\$ 391,258
Land - Philanthropic Center	175,000	175,000
Land improvements - 7044 Building	32,363	32,363
Improvements - 7044 Building	85,110	83,754
Building - 7044 Building	474,208	474,208
Building - Philanthropic Center	298,392	298,392
Improvements - Philanthropic Center	745,928	719,023
Furniture and Equipment - 7044 Building	80,417	78,152
Furniture and Equipment - Philanthropic Center	91,945	91,507
	2,374,621	2,343,657
Less accumulated depreciation	(721,479)	(656,438)
Net property and equipment	\$ 1,653,142	\$ 1,687,219

Depreciation and amortization expense charged to operations was \$65,041 and \$63,065 for the years ended May 31, 2011 and 2010, respectively.

Note 7 - Lease Commitments

In July 2010, the Chapter entered into a lease for a copier under a noncancelable operating lease, which expires in September 2013. At the conclusion of the lease, the Chapter has the option to purchase the copier at fair market value. The total charged to equipment rent for this operating lease for the years ended May 31, 2011 and 2010 was \$3,484 and \$3,267, respectively. The Chapter is responsible for all taxes and insurance on this equipment.

General maintenance of this equipment was provided by the lessor. The future minimum lease payments are as follows:

<u>Years Ending May 31,</u>	
2012	\$ 2,910
2013	2,910
2014	<u>970</u>
Total future minimum lease payments	<u><u>\$ 6,790</u></u>

Note 8 - Net Assets

Net assets were designated by the Chapter as follows at May 31:

	<u>2011</u>	<u>2010</u>
Unrestricted net assets:		
Board designated for future operating needs	\$ 573,000	\$ 573,000
Undesignated	<u>2,364,904</u>	<u>2,416,107</u>
Total unrestricted net assets	<u><u>\$ 2,937,904</u></u>	<u><u>\$ 2,989,107</u></u>

Net assets were restricted by donors as follows at May 31:

	<u>2011</u>	<u>2010</u>
Temporarily restricted net assets:		
Facilities renovation-Porter funds	<u>\$ 85,377</u>	<u>\$ 96,077</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows during fiscal year ended May 31:

	<u>2011</u>	<u>2010</u>
Expenses incurred for purpose specified by donors	<u>\$ (11,042)</u>	<u>\$ (17,699)</u>

Note 9 - Related Party Transactions

National Franchise Fee

The Chapter pays dues to National Assistance League® based on the number of members the Chapter has. For the years ended May 31, 2011 and 2010, the total paid was \$7,385 and \$7,630, respectively.

National Conference

The Chapter pays National Assistance League® for the Chapter's members to attend the national conference. The Chapter pays all of the registration for three delegates and a portion of the registration for each member that attends the conference. For the years ended May 31, 2011 and 2010, the total paid was \$5,939 and \$5,516 and members' reimbursements totaled \$3,639 and \$3,026, respectively.

Note 10 - Special Event

The Chapter has a major fundraising event to help fund current operations. The revenue and related expenses from this event for the years ended May 31, 2011 and 2010 are as follows:

Event	Revenue	Cost of Direct Donor Benefits	Other Event Costs	Net Revenues
2011:				
Celebration of Caring	\$ 136,806	\$ 46,055	\$ 4,529	\$ 86,222
2010:				
Celebration of Caring	\$ 123,102	\$ 29,247	\$ 16,944	\$ 76,911