



Financial Statements  
May 31, 2012 and 2011

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, 2012 and 2011, 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, 2012 and 2011, 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  
December 18, 2012

Assistance League ® of Phoenix Arizona  
 Statements of Financial Position  
 May 31, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 835,807	\$ 753,745
Investments	455,352	447,259
Promises to give receivable	135,380	-
Prepaid expenses	6,953	7,500
Advance deposits	2,851	490
Inventory	240,546	204,207
Property and equipment, net	1,615,080	1,653,142
Total Assets	\$ 3,291,969	\$ 3,066,343
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,701	\$ 32,239
Deferred revenue	11,440	10,710
Accrued use tax liability	90	113
Total Liabilities	20,231	43,062
<b>Net Assets</b>		
Unrestricted	3,005,644	2,937,904
Temporarily restricted	266,094	85,377
Total Net Assets	3,271,738	3,023,281
Total Liabilities and Net Assets	\$ 3,291,969	\$ 3,066,343

	2012		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Fundraising			
Thrift Shop Revenue			
Contributions of merchandise	\$ 201,510	\$ -	\$ 201,510
Sales of donated merchandise	244,190	-	244,190
Less: Value of merchandise sold	(220,879)	-	(220,879)
Net sales revenue from Thrift Shop	224,821	-	224,821
Less: thrift shop expenses	(90,830)	-	(90,830)
Net revenue from Thrift Shop	133,991	-	133,991
Special event revenue	95,955	-	95,955
Less: Costs of direct donor benefits	(16,811)	-	(16,811)
Net revenue from special events	79,144	-	79,144
Other special fundraising	2,449	-	2,449
Contributions	9,109	-	9,109
Grants	197,172	206,111	403,283
Investment income	7,712	685	8,397
Membership	19,433	-	19,433
Memorials	3,198	-	3,198
Unrealized gains on investments	(32,008)	(3,166)	(35,174)
Net assets released from restrictions	22,913	(22,913)	-
Total Revenues, Gains, and Other Support	443,113	180,717	623,830
Expenses			
Program expenses			
Operation School Bell®	220,973	-	220,973
Hugs	25,408	-	25,408
Learn	56,266	-	56,266
Scholarships	9,799	-	9,799
Wee help	8,627	-	8,627
Total program expenses	321,073	-	321,073
Supporting expenses			
Fundraising expenses			
Special event	9,455	-	9,455
Other	5,468	-	5,468
Total fundraising expenses	14,923	-	14,923
Membership development	16,327	-	16,327
Management and general	23,050	-	-
Total supporting expenses	54,300	-	31,250
Total Expenses	375,373	-	375,373
Change in Net Assets	67,740	180,717	248,457
Net Assets, Beginning of Year	2,937,904	85,377	3,023,281
Net Assets, End of Year	\$ 3,005,644	\$ 266,094	\$ 3,271,738

See Notes to Financial Statements

Assistance League ® of Phoenix Arizona  
 Statements of Activities  
 Years Ended May 31, 2012 and 2011

2011		
Unrestricted	Temporarily Restricted	Total
\$ 252,731	\$ -	\$ 252,731
242,422	-	242,422
(239,154)	-	(239,154)
<u>255,999</u>	<u>-</u>	<u>255,999</u>
(114,389)	-	(114,389)
<u>141,610</u>	<u>-</u>	<u>141,610</u>
136,806	-	136,806
(46,055)	-	(46,055)
<u>90,751</u>	<u>-</u>	<u>90,751</u>
19,317	-	19,317
4,880	-	4,880
117,440	-	117,440
3,089	342	3,431
24,107	-	24,107
5,095	-	5,095
62,794	-	62,794
<u>11,042</u>	<u>(11,042)</u>	<u>-</u>
<u>480,125</u>	<u>(10,700)</u>	<u>469,425</u>
347,401	-	347,401
24,123	-	24,123
52,907	-	52,907
54,840	-	54,840
13,895	-	13,895
<u>493,166</u>	<u>-</u>	<u>493,166</u>
4,529	-	4,529
-	-	-
<u>4,529</u>	<u>-</u>	<u>4,529</u>
15,272	-	15,272
18,361	-	18,361
<u>38,162</u>	<u>-</u>	<u>38,162</u>
<u>531,328</u>	<u>-</u>	<u>531,328</u>
(51,203)	(10,700)	(61,903)
<u>2,989,107</u>	<u>96,077</u>	<u>3,085,184</u>
<u>\$ 2,937,904</u>	<u>\$ 85,377</u>	<u>\$ 3,023,281</u>

Assistance League ® of Phoenix Arizona  
Statements of Functional Expenses  
Year Ended May 31, 2012

	2012													
	Program Services						Supporting Services							
	Operation School Bell@	HUGS	Learn	Scholar- ships	Wee Help	Total Program Services	Fundraising			Thrift Shop	Membership Develop- ment	Manage- ment and General	Total Supporting Services	Total Expenses
Direct costs	\$ 116,307	\$ 15,151	\$ 37,580	\$ 7,207	\$ 2,263	\$ 178,508	\$ 16,811	\$ -	\$ 16,811	\$ 6,237	\$ -	\$ -	\$ 23,048	\$ 201,556
Bank charges	179	22	58	11	5	275	-	18	18	680	18	56	772	1,047
Dues and subscriptions	246	30	79	15	8	378	-	25	25	-	25	150	200	578
Computer expense	2,104	259	680	129	65	3,237	-	216	216	-	216	647	1,079	4,316
Copier expense	1,321	163	427	81	40	2,032	-	135	135	-	135	407	677	2,709
National conference	2,426	299	784	149	75	3,733	-	249	249	-	249	746	1,244	4,977
Education	-	-	-	-	-	-	-	-	-	-	-	1,476	1,476	1,476
Facilities expense	33,153	2,688	2,688	-	2,688	41,217	-	-	-	50,591	-	3,584	54,175	95,392
Miscellaneous	392	48	127	24	12	603	-	1,187	1,187	-	40	474	1,701	2,304
Newsletters	105	13	35	6	3	162	-	11	11	-	11	32	54	216
Office expense	2,421	298	782	149	74	3,724	-	248	248	-	248	745	1,241	4,965
Professional services	8,513	1,048	2,750	524	262	13,097	9,455	873	10,328	-	873	2,620	13,821	26,918
Public relations	6,473	797	2,091	398	200	9,959	-	664	664	-	664	1,991	3,319	13,278
Resource development	78	10	25	5	2	120	-	8	8	-	8	24	40	160
Roster	598	73	193	37	17	918	-	61	61	-	61	184	306	1,224
Salaries and benefits	17,292	2,128	5,586	1,064	532	26,602	-	1,773	1,773	8,360	1,773	5,321	17,227	43,829
Truck expense	-	-	-	-	-	-	-	-	-	665	-	-	665	665
National dues	-	-	-	-	-	-	-	-	-	-	7,858	-	7,858	7,858
Room rental expense	-	-	-	-	-	-	-	-	-	-	-	1,420	1,420	1,420
Members' expense	-	-	-	-	-	-	-	-	-	-	3,774	-	3,774	3,774
Orientation	-	-	-	-	-	-	-	-	-	-	374	-	374	374
Subtotal	191,608	23,027	53,885	9,799	6,246	284,565	26,266	5,468	31,734	66,533	16,327	19,877	134,471	419,036
Depreciation	29,365	2,381	2,381	-	2,381	36,508	-	-	-	24,297	-	3,173	27,470	63,978
Total expenses	220,973	25,408	56,266	9,799	8,627	321,073	26,266	5,468	31,734	90,830	16,327	23,050	161,941	483,014
Less: Expenses included with revenues on statement of activities	-	-	-	-	-	-	(16,811)	-	(16,811)	(90,830)	-	-	(107,641)	(107,641)
Total expenses included in expense section on statement of activities	\$ 220,973	\$ 25,408	\$ 56,266	\$ 9,799	\$ 8,627	\$ 321,073	\$ 9,455	\$ 5,468	\$ 14,923	\$ -	\$ 16,327	\$ 23,050	\$ 54,300	\$ 375,373

Assistance League ® of Phoenix Arizona  
 Statements of Functional Expenses  
 Year Ended May 31, 2012

	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
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 Cash Flows  
 Years Ended May 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	\$ 248,457	\$ (61,903)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	63,979	65,041
Unrealized (gain)/loss on investments	35,174	(62,794)
Changes in assets and liabilities		
Receivables	(135,380)	2,929
Prepaid expenses and deposits	(1,814)	385
Inventory	(36,339)	77,032
Accounts payable and accrued expenses	(23,538)	19,135
Deferred revenue	730	(3,785)
Accrued use tax liability	(23)	(593)
	151,246	35,447
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of investments	(43,266)	(300,571)
Purchase of equipment	(25,918)	(30,961)
	(69,184)	(331,532)
Net cash used in investing activities		
Net Change in Cash and Cash Equivalents	82,062	(296,085)
Cash and Cash Equivalents, Beginning of Year	753,745	1,049,830
Cash and Cash Equivalents, End of Year	\$ 835,807	\$ 753,745

## **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 – provide 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 has 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, 2012 and 2011. 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, 2012 or 2011. 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. As of May 31, 2012 the Chapter had \$135,380 in grant receivables related to promises to give. 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 \$201,510 and \$252,731 during the years ended May 31, 2012 and 2011, 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, 2012, these volunteers donated approximately 29,472 hours with an estimated value of \$646,616. This value was computed using an estimated hourly rate of \$21.94, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2012, 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 evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of May 31, 2012 and 2011, the unrecognized tax benefit accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Company is no longer subject to Federal tax examination by tax authorities for years before 2009 and state examinations for years before 2008.

**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.

**Subsequent Events**

The Chapter has evaluated subsequent events through December 18, 2012, 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:

	2012	2011
Cash on hand	\$ 300	\$ 300
Checking account, Chase Bank	181,223	166,124
Savings account, Chase Bank	217,713	42,302
Payroll account, Chase Bank	1,000	-
CD, Bakers Trust	245,527	-
Money Market account with ArMA Financial Services, Inc.	190,044	545,019
Total cash and cash equivalents	\$ 835,807	\$ 753,745

**Note 3 - Investments**

Investments consisted of the following at May 31:

	2012	2011
Mutual Funds	\$ 455,352	\$ 447,259

**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
<u>May 31, 2012</u>				
Mutual Funds				
Real estate	\$ 39,181	\$ -	\$ -	\$ 39,181
Foreign large blend	59,557	-	-	59,557
Large value	164,732	-	-	164,732
Large growth	80,025	-	-	80,025
Small cap	111,857	-	-	111,857
	<u>\$ 455,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,352</u>

Assistance League ® of Phoenix Arizona

Notes to Financial Statements

May 31, 2012 and 2011

May 31, 2011	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<b>Mutual Funds</b>				
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>

Donated materials of \$201,510 and \$252,731 for the years ended May 31, 2012 and 2011, respectively, are recorded at an estimated fair value as determined by management based on prior experience and the ultimate sales price of the donated items. These are considered Level 2 inputs.

**Note 5 - Inventory**

Inventory consisted of the following at May 31:

	2012	2011
New clothing and shoes for use in the Operation School Bell® program	\$ 139,866	\$ 97,323
Stuffed bears for use in the HUGS program	3,684	7,976
Infant care items for use in the Wee Help program	1,915	1,594
Dictionaries for use in the Learn program	32,648	15,512
Used clothing and household items held for sale at the Thrift Shop	62,433	81,802
Total inventory	<u>\$ 240,546</u>	<u>\$ 204,207</u>

**Note 6 - Property and Equipment**

Property and equipment are summarized below:

	2012	2011
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	108,222	85,110
Building - 7044 Building	474,208	474,208
Building - Philanthropic Center	298,392	298,392
Improvements - Philanthropic Center	748,733	745,928
Furniture and Equipment - 7044 Building	80,417	80,417
Furniture and Equipment - Philanthropic Center	91,945	91,945
	2,400,538	2,374,621
Less accumulated depreciation	(785,458)	(721,479)
Net property and equipment	\$ 1,615,080	\$ 1,653,142

Depreciation and amortization expense charged to operations was \$63,979 and \$65,041 for the years ended May 31, 2012 and 2011, 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, 2012 and 2011 was \$2,709 and \$3,484, 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:

Years Ending May 31,		
2013	\$	2,910
2014		970
		3,880
Total future minimum lease payments	\$	3,880



**Note 8 - Net Assets**

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

	2012	2011
Unrestricted net assets:		
Board designated for future operating needs	\$ 573,000	\$ 573,000
Undesignated	2,432,644	2,416,107
Total unrestricted net assets	\$ 3,005,644	\$ 2,989,107

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

	2012	2011
Temporarily restricted net assets:		
Grants for Executive Director	\$ 206,111	\$ -
Facilities renovation-Porter funds	59,983	85,377
	\$ 266,094	\$ 85,377

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

	2012	2011
Expenses incurred for purpose specified by donors	\$ (22,913)	\$ (11,042)

**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, 2012 and 2011, the total paid was \$7,857 and \$7,385 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, 2012 and 2011 are as follows:

Event	Revenue	Cost of Direct Donor Benefits	Other Event Costs	Net Revenues
2012:				
Celebration of Caring	\$ 95,955	\$ 16,811	\$ 9,455	\$ 69,689
2011:				
Celebration of Caring	\$ 136,806	\$ 46,055	\$ 4,529	\$ 86,222