



Financial Statements
May 31, 2014 and 2013

Assistance League® of Phoenix

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Assistance League ® of Phoenix, which comprise the statements of financial position as of May 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assistance League ® of Phoenix as of May 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Phoenix, Arizona
August 22, 2014

Assistance League ® of Phoenix Arizona
 Statements of Financial Position
 May 31, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	\$ 694,978	\$ 728,044
Investments	799,946	731,343
Promises to give receivable	198,152	82,482
Prepaid expenses	9,187	6,370
Advance deposits	-	65,490
Inventory	282,581	261,664
Property and equipment, net	1,577,793	1,572,675
Total assets	\$ 3,562,637	\$ 3,448,068
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 6,454	\$ 7,863
Deferred revenue	16,115	17,051
Total liabilities	22,569	24,914
Net Assets		
Unrestricted	3,426,923	3,121,009
Temporarily restricted	113,145	302,145
Total net assets	3,540,068	3,423,154
Total liabilities and net assets	\$ 3,562,637	\$ 3,448,068

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Fundraising			
Thrift Shop Revenue			
Contributions of merchandise	\$ 330,252	\$ -	\$ 330,252
Sales of donated merchandise	314,394	-	314,394
Less: Value of merchandise sold	(314,294)	-	(314,294)
Net sales revenue from Thrift Shop	<u>330,352</u>	<u>-</u>	<u>330,352</u>
Less: thrift shop expenses	(89,053)	-	(89,053)
Net revenue from Thrift Shop	<u>241,299</u>	<u>-</u>	<u>241,299</u>
Special event revenue	172,967	-	172,967
Less: Costs of direct donor benefits	(80,269)	-	(80,269)
Net revenue from special events	<u>92,698</u>	<u>-</u>	<u>92,698</u>
Other special fundraising	23,586	-	23,586
Contributions	38,926	-	38,926
Grants	477,055	21,000	498,055
Investment income	20,149	-	20,149
Membership	17,576	-	17,576
Memorials	10,500	-	10,500
Unrealized gains (losses) on investments	25,416	-	25,416
Net assets released from restrictions	<u>210,000</u>	<u>(210,000)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>1,157,205</u>	<u>(189,000)</u>	<u>968,205</u>
Expenses			
Program expenses			
Operation School Bell®	620,466	-	620,466
Hugs	39,183	-	39,183
Learn	90,189	-	90,189
Wee Help	12,881	-	12,881
Total program expenses	<u>762,719</u>	<u>-</u>	<u>762,719</u>
Supporting expenses			
Fundraising expenses			
Special event	4,661	-	4,661
Other	11,448	-	11,448
Total fundraising expenses	<u>16,109</u>	<u>-</u>	<u>16,109</u>
Membership development	18,716	-	18,716
Management and general	53,747	-	53,747
Total supporting expenses	<u>88,572</u>	<u>-</u>	<u>88,572</u>
Total Expenses	<u>851,291</u>	<u>-</u>	<u>851,291</u>
Change in Net Assets	305,914	(189,000)	116,914
Net Assets, Beginning of Year	<u>3,121,009</u>	<u>302,145</u>	<u>3,423,154</u>
Net Assets, End of Year	<u>\$ 3,426,923</u>	<u>\$ 113,145</u>	<u>\$ 3,540,068</u>

See Notes to Financial Statements

Assistance League ® of Phoenix Arizona
 Statements of Activities
 Years Ended May 31, 2014 and 2013

2013		
Unrestricted	Temporarily Restricted	Total
\$ 260,650	\$ -	\$ 260,650
248,330	-	248,330
(248,330)	-	(248,330)
<u>260,650</u>	<u>-</u>	<u>260,650</u>
(124,017)	-	(124,017)
<u>136,633</u>	<u>-</u>	<u>136,633</u>
144,022	-	144,022
(66,089)	-	(66,089)
<u>77,933</u>	<u>-</u>	<u>77,933</u>
9,891	-	9,891
109,407	-	109,407
199,727	120,000	319,727
27,712	-	27,712
15,920	-	15,920
7,855	-	7,855
47,914	-	47,914
<u>83,949</u>	<u>(83,949)</u>	<u>-</u>
<u>716,941</u>	<u>36,051</u>	<u>752,992</u>
386,782	-	386,782
36,024	-	36,024
92,655	-	92,655
18,530	-	18,530
<u>533,991</u>	<u>-</u>	<u>533,991</u>
9,579	-	9,579
9,081	-	9,081
<u>18,660</u>	<u>-</u>	<u>18,660</u>
16,330	-	16,330
32,595	-	32,595
<u>67,585</u>	<u>-</u>	<u>67,585</u>
<u>601,576</u>	<u>-</u>	<u>601,576</u>
115,365	36,051	151,416
<u>3,005,644</u>	<u>266,094</u>	<u>3,271,738</u>
<u>\$ 3,121,009</u>	<u>\$ 302,145</u>	<u>\$ 3,423,154</u>

Assistance League ® of Phoenix Arizona
 Statements of Functional Expenses
 Year Ended May 31, 2014

	2014												
	Program Services					Supporting Services							
	Operation School Bell@	HUGS	Learn	Wee Help	Total Program Services	Special Event	Fundraising Other	Total Fundraising	Thrift Shop	Membership Development	Management and General	Total Supporting Services	Total Expenses
Direct costs	\$ 402,696	\$ 26,462	\$ 60,501	\$ 8,639	\$ 498,298	\$ 76,225	\$ -	\$ 76,225	\$ -	\$ -	\$ -	\$ 76,225	\$ 574,523
Bank charges	563	43	101	15	722	4,068	24	4,092	1,051	48	144	5,335	6,057
Dues and subscriptions	839	65	151	21	1,076	36	36	72	-	72	215	359	1,435
Computer expense	6,205	477	1,114	159	7,955	265	265	530	-	530	1,591	2,651	10,606
Copier expense	2,080	160	373	53	2,666	89	89	178	-	178	533	889	3,555
National conference	3,086	237	554	80	3,957	132	132	264	-	264	791	1,319	5,276
Education	539	41	97	14	691	23	23	46	-	46	138	230	921
Facilities expense	29,585	2,276	5,310	759	37,930	-	-	-	50,471	-	12,643	63,114	101,044
Miscellaneous	928	71	167	24	1,190	39	40	79	11,226	79	239	11,623	12,813
Office expense	4,084	314	733	105	5,236	175	174	349	-	349	1,048	1,746	6,982
Professional services	19,995	1,538	3,589	512	25,634	854	855	1,709	-	-	6,835	8,544	34,178
Public relations	6,658	512	1,195	171	8,536	285	284	569	325	569	1,707	3,170	11,706
Resource development	-	-	-	-	-	-	6,787	6,787	-	-	-	6,787	6,787
Roster	-	-	-	-	-	-	-	-	-	1,591	-	1,591	1,591
Salaries and benefits	104,812	4,837	11,286	1,612	122,547	2,687	2,687	5,374	-	5,374	16,124	26,872	149,419
Bus expense	10,442	-	-	-	10,442	-	-	-	-	-	-	-	10,442
Truck expense	-	-	-	-	-	-	-	-	3,256	-	-	3,256	3,256
National dues	-	-	-	-	-	-	-	-	-	6,525	-	6,525	6,525
Room rental expense	831	64	149	21	1,065	35	36	71	-	71	213	355	1,420
Members' expense	-	-	-	-	-	-	-	-	-	2,990	-	2,990	2,990
Orientation	383	29	69	10	491	17	16	33	-	30	98	161	652
Subtotal	593,726	37,126	85,389	12,195	728,436	84,930	11,448	96,378	66,329	18,716	42,319	223,742	952,178
Depreciation	26,740	2,057	4,800	686	34,283	-	-	-	22,724	-	11,428	34,152	68,435
Total Expenses	620,466	39,183	90,189	12,881	762,719	84,930	11,448	96,378	89,053	18,716	53,747	257,894	1,020,613
Less: Expenses included with revenues on statement of activities	-	-	-	-	-	(80,269)	-	(80,269)	(89,053)	-	-	(169,322)	(169,322)
Total expenses included in expense section on statement of activities	\$ 620,466	\$ 39,183	\$ 90,189	\$ 12,881	\$ 762,719	\$ 4,661	\$ 11,448	\$ 16,109	\$ -	\$ 18,716	\$ 53,747	\$ 88,572	\$ 851,291

Assistance League ® of Phoenix Arizona
 Statements of Functional Expenses
 Year Ended May 31, 2013

	2013												
	Program Services					Supporting Services							
	Operation School Bell®	HUGS	Learn	Wee Help	Total Program Services	Fundraising			Membership	Management and	Total	Total	
					Special Event	Other	Total Fundraising	Thrift Shop	Develop- ment	General	Supporting Services	Expenses	
Direct costs	\$ 247,851	\$ 23,037	\$ 62,184	\$ 10,043	\$ 343,115	\$ 69,268	\$ 2,218	\$ 71,486	\$ 11,531	\$ -	\$ -	\$ 83,017	\$ 426,132
Bank charges	659	64	165	27	915	31	31	62	595	62	181	900	1,815
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	446	446	446
Computer expense	3,267	318	817	136	4,538	151	151	302	-	302	909	1,513	6,051
Copier expense	1,874	182	469	78	2,603	87	87	174	-	173	520	867	3,470
National conference	2,285	222	571	95	3,173	-	211	211	-	211	635	1,057	4,230
Education	892	87	223	37	1,239	-	83	83	-	83	247	413	1,652
Facilities expense	30,652	2,705	5,409	2,705	41,471	-	-	-	45,213	-	3,605	48,818	90,289
Newsletters	1,194	116	298	50	1,658	55	55	110	-	110	332	552	2,210
Office expense	2,340	228	584	98	3,250	109	108	217	-	216	650	1,083	4,333
Professional services	10,584	1,029	2,646	441	14,700	980	980	1,960	-	-	2,940	4,900	19,600
Public relations	4,387	426	1,097	183	6,093	203	203	406	-	406	1,219	2,031	8,124
Resource development	1,204	117	301	50	1,672	-	112	112	-	112	334	558	2,230
Roster	627	61	157	26	871	-	58	58	-	58	174	290	1,161
Salaries and benefits	51,663	5,023	12,916	2,152	71,754	4,784	4,784	9,568	40,688	-	14,350	64,606	136,360
Truck expense	-	-	-	-	-	-	-	-	2,375	-	-	2,375	2,375
National dues	-	-	-	-	-	-	-	-	-	7,985	-	7,985	7,985
Room rental expense	-	-	-	-	-	-	-	-	-	-	2,840	2,840	2,840
Members' expense	-	-	-	-	-	-	-	-	-	6,612	-	6,612	6,612
Subtotal	359,479	33,615	87,837	16,121	497,052	75,668	9,081	84,749	100,402	16,330	29,382	230,863	727,915
Depreciation	27,303	2,409	4,818	2,409	36,939	-	-	-	23,615	-	3,213	26,828	63,767
Total expenses	386,782	36,024	92,655	18,530	533,991	75,668	9,081	84,749	124,017	16,330	32,595	257,691	791,682
Less: Expenses included with revenues on statement of activities	-	-	-	-	-	(66,089)	-	(66,089)	(124,017)	-	-	(190,106)	(190,106)
Total expenses included in expense section on statement of activities	<u>\$ 386,782</u>	<u>\$ 36,024</u>	<u>\$ 92,655</u>	<u>\$ 18,530</u>	<u>\$ 533,991</u>	<u>\$ 9,579</u>	<u>\$ 9,081</u>	<u>\$ 18,660</u>	<u>\$ -</u>	<u>\$ 16,330</u>	<u>\$ 32,595</u>	<u>\$ 67,585</u>	<u>\$ 601,576</u>

Assistance League ® of Phoenix Arizona

Statements of Cash Flows

Years Ended May 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Activities		
Change in net assets	\$ 116,914	\$ 151,416
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	68,435	63,766
Unrealized gain on investments	(25,939)	(47,914)
Changes in assets and liabilities		
Promises to give receivable	(115,670)	52,898
Prepaid expenses	(2,817)	583
Advance deposits	65,490	(62,639)
Inventory	(20,917)	(21,118)
Accounts payable	(1,409)	(838)
Deferred revenue	(936)	5,611
Accrued use tax liability	-	(90)
Net cash from operating activities	<u>83,151</u>	<u>141,675</u>
Investing Activities		
Purchase of investments	(167,664)	(228,080)
Sale of investments	125,000	-
Purchase of equipment	<u>(73,553)</u>	<u>(21,358)</u>
Net cash used for investing activities	<u>(116,217)</u>	<u>(249,438)</u>
Net Change in Cash and Cash Equivalents	(33,066)	(107,763)
Cash and Cash Equivalents, Beginning of Year	<u>728,044</u>	<u>835,807</u>
Cash and Cash Equivalents, End of Year	<u>\$ 694,978</u>	<u>\$ 728,044</u>

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.
- 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, 2014 and 2013. 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, 2014 or 2013. There is no external requirement that the Chapter maintain 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, 2014 and 2013, the Chapter had \$198,152 and \$82,482, respectively, in grants receivable 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, books 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.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted net assets. When a donor restriction expires, either when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated Materials and Services

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations. Donated materials of \$330,252 and \$260,650 during the years ended May 31, 2014 and 2013, 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, 2014, these volunteers donated approximately 32,566 hours with an estimated value of \$733,386. This value was computed using an estimated hourly rate of \$22.52, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2014, as determined by the U.S. Department of Labor's Bureau for Labor Statistics, plus 12% for estimated fringe benefits.

Income Taxes

The Chapter is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been determined not to be a private foundation under Section 509(a)(2). The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The entity would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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.

Subsequent Events

The Chapter has evaluated subsequent events through August 22, 2014, 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:

	2014	2013
Cash on hand	\$ 638	\$ 438
Checking account, Chase Bank	298,317	164,940
Savings account, Chase Bank	58,188	148,062
Payroll account, Chase Bank	1,000	1,000
Brokerage account, Chase Bank	100,510	99,924
CD, Bakers Trust	231,746	231,169
Money Market account with ArMA Financial Services, Inc.	4,579	28,779
Checking, Operation School Bus	-	53,732
	\$ 694,978	\$ 728,044

Note 3 - Investments

Investments consisted of the following at May 31:

	2014	2013
Mutual Funds	\$ 519,025	\$ 731,343
Fixed Income	280,921	-
	\$ 799,946	\$ 731,343

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, 2014</u>				
Mutual Funds				
Real estate	\$ 16,842	\$ -	\$ -	\$ 16,842
Large value	92,035	-	-	92,035
Large growth	40,692	-	-	40,692
Small cap value	43,166	-	-	43,166
Small cap growth	21,094	-	-	21,094
Mid cap Blend	78,590	-	-	78,590
Non-US Developing	38,523	-	-	38,523
Capital appreciation	79,882	-	-	79,882
Institutional bonds	108,201	-	-	108,201
Fixed Income				
Inflation-protected bond	91,107	-	-	91,107
Intermediate-term bond	189,814	-	-	189,814
	<u>\$ 799,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 799,946</u>

Assistance League ® of Phoenix Arizona

Notes to Financial Statements

May 31, 2014 and 2013

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>May 31, 2013</u>				
Mutual Funds				
Real estate	\$ 16,142	\$ -	\$ -	\$ 16,142
Foreign large blend	33,339	-	-	33,339
Large value	78,838	-	-	78,838
Large growth	33,880	-	-	33,880
Small cap	54,285	-	-	54,285
World allocation	234,785	-	-	234,785
Fixed Income				
Nontraditional bond	95,407	-	-	95,407
Inflation-protected bond	90,870	-	-	90,870
Intermediate-term bond	93,797	-	-	93,797
	<u>\$ 731,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,343</u>

Donated materials of \$330,252 and \$260,650 for the years ended May 31, 2014 and 2013, 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:

	2014	2013
New clothing and shoes for use in the Operation School Bell® program	\$ 196,813	\$ 170,952
Stuffed bears for use in the HUGS program	5,190	6,014
Infant care items for use in the Wee Help program	1,820	551
Books for use in the Learn program	2,283	9,394
Used clothing and household items held for sale at the Thrift Shop	76,475	74,753
	<u>\$ 282,581</u>	<u>\$ 261,664</u>
Total inventory	<u>\$ 282,581</u>	<u>\$ 261,664</u>

Note 6 - Property and Equipment

Property and equipment are summarized below:

	2014	2013
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	109,032	108,350
Building - 7044 Building	479,377	479,377
Building - Philanthropic Center	298,392	298,392
Improvements - Philanthropic Center	751,233	748,733
Furniture and Equipment - 7044 Building	81,957	80,417
Furniture and Equipment - Philanthropic Center	111,350	108,009
Operation School Bell Bus	65,490	-
	2,495,452	2,421,899
Less accumulated depreciation	(917,659)	(849,224)
Net property and equipment	\$ 1,577,793	\$ 1,572,675

Depreciation and amortization expense charged to operations was \$68,435 and \$63,766 for the years ended May 31, 2014 and 2013, respectively.

Note 7 - Net Assets

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

	2014	2013
Unrestricted net assets:		
Board designated for future operating needs	\$ 905,000	\$ 725,000
Board designated for thrift shop renovation	10,856	6,951
Undesignated	2,511,067	2,389,058
Total unrestricted net assets	\$ 3,426,923	\$ 3,121,009

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

	2014	2013
Temporarily restricted net assets:		
Grants for Executive Director	\$ 25,210	\$ 115,210
Operation School Bell - Bus	-	120,000
Grants for computers	6,000	-
Grant for volunteer coordinator	15,000	-
Thrift shop renovation	66,935	66,935
	\$ 113,145	\$ 302,145

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

	2014	2013
Expenses incurred for purpose specified by donors	\$ 210,000	\$ 83,949

Note 8 - 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 2014 and 2013, the total paid was \$6,525 and \$7,857, respectively.

Note 9 - 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, 2014 and 2013 are as follows:

Event	Revenue	Cost of Direct Donor Benefits	Other Event Costs	Net Revenues
2014:				
Celebration of Caring	\$ 172,967	\$ 80,269	\$ 4,661	\$ 88,037
2013:				
Celebration of Caring	\$ 144,022	\$ 66,089	\$ 9,579	\$ 68,354

Note 10 - Operation School Bell Bus Grants

During the year ended May 31, 2013, the Chapter received two grants, totaling \$120,000 to expand the Operation School Bell program. The grants are to provide for the purchase and refitting of a city transit bus to become a mobile clothing vehicle to take to schools for the dressing of school children. An advance deposit of \$65,000 was made for the purchase and conversion of the bus, which was delivered to the Chapter in June 2013. The grants also provide for the hiring of a bus driver and for additional clothing to stock the bus. All such funds were expended in accordance with the provisions of the grants during the year ended May 31, 2014.