



Financial Statements
May 31, 2017 and 2016

Assistance League® of
Phoenix, Arizona

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Assistance League® of Phoenix, Arizona, which comprise the statements of financial position as of May 31, 2017 and 2016, 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, Arizona as of May 31, 2017 and 2016, 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 black ink that reads "Eide Bailly LLP".

Phoenix, Arizona
September 15, 2017

www.eidebailly.com

Assistance League® of Phoenix, Arizona
 Statements of Financial Position
 May 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 772,640	\$ 736,758
Investments	841,602	766,802
Accounts receivable	2,400	-
Promises to give receivable	-	149,414
Inventory	304,132	293,663
Prepaid expenses	20,730	8,580
Property and equipment, net	1,554,709	1,621,445
Total assets	\$ 3,496,213	\$ 3,576,662
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 5,346	\$ -
Deferred revenue	13,140	14,000
Total liabilities	18,486	14,000
Net Assets		
Unrestricted	3,460,029	3,534,639
Temporarily restricted	17,698	28,023
Total net assets	3,477,727	3,562,662
Total liabilities and net assets	\$ 3,496,213	\$ 3,576,662

	2017		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Fundraising			
Thrift Shop Revenue			
Sales of merchandise	\$ 319,025	\$ -	\$ 319,025
Contributions of donated merchandise	300,969	-	300,969
Less value of merchandise sold	(300,969)	-	(300,969)
Net sales revenue from Thrift Shop	<u>319,025</u>	<u>-</u>	<u>319,025</u>
Less thrift shop expenses	(188,656)	-	(188,656)
Net revenue from Thrift Shop	<u>130,369</u>	<u>-</u>	<u>130,369</u>
Special event revenue	181,345	-	181,345
Less costs of direct donor benefits	(66,703)	-	(66,703)
Net revenue from special events	<u>114,642</u>	<u>-</u>	<u>114,642</u>
Other special fundraising	21,513	-	21,513
Contributions	100,363	-	100,363
Grants	462,958	50,000	512,958
Investment income (loss), net	77,245	-	77,245
Membership	16,225	-	16,225
Memorials	5,490	-	5,490
Net assets released from restrictions	<u>60,325</u>	<u>(60,325)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>989,130</u>	<u>(10,325)</u>	<u>978,805</u>
Expenses			
Program expenses			
Operation School Bell®	865,608	-	865,608
Hugs	30,767	-	30,767
Books, Book Gifts and Symphony	17,986	-	17,986
Wee Help	9,825	-	9,825
Total program expenses	<u>924,186</u>	<u>-</u>	<u>924,186</u>
Supporting expenses			
Fundraising expenses			
Special event	37,265	-	37,265
Other	-	-	-
Total fundraising expenses	<u>37,265</u>	<u>-</u>	<u>37,265</u>
Membership development	16,182	-	16,182
Management and general	86,107	-	86,107
Total supporting expenses	<u>139,554</u>	<u>-</u>	<u>139,554</u>
Total Expenses	<u>1,063,740</u>	<u>-</u>	<u>1,063,740</u>
Change in Net Assets	(74,610)	(10,325)	(84,935)
Net Assets, Beginning of Year	<u>3,534,639</u>	<u>28,023</u>	<u>3,562,662</u>
Net Assets, End of Year	<u>\$ 3,460,029</u>	<u>\$ 17,698</u>	<u>\$ 3,477,727</u>

See Notes to Financial Statements

Assistance League® of Phoenix, Arizona
 Statements of Activities
 Years Ended May 31, 2017 and 2016

2016		
Unrestricted	Temporarily Restricted	Total
\$ 340,872	\$ -	\$ 340,872
307,609	-	307,609
<u>(307,609)</u>	<u>-</u>	<u>(307,609)</u>
340,872	-	340,872
<u>(133,423)</u>	<u>-</u>	<u>(133,423)</u>
<u>207,449</u>	<u>-</u>	<u>207,449</u>
298,037	-	298,037
<u>(73,666)</u>	<u>-</u>	<u>(73,666)</u>
<u>224,371</u>	<u>-</u>	<u>224,371</u>
16,452	-	16,452
118,866	-	118,866
299,902	50,000	349,902
<u>(12,841)</u>	<u>-</u>	<u>(12,841)</u>
15,450	-	15,450
2,926	-	2,926
<u>36,977</u>	<u>(36,977)</u>	<u>-</u>
<u>909,552</u>	<u>13,023</u>	<u>922,575</u>
791,509	-	791,509
25,400	-	25,400
18,326	-	18,326
13,228	-	13,228
<u>848,463</u>	<u>-</u>	<u>848,463</u>
27,848	-	27,848
5,776	-	5,776
<u>33,624</u>	<u>-</u>	<u>33,624</u>
14,685	-	14,685
81,448	-	81,448
<u>129,757</u>	<u>-</u>	<u>129,757</u>
<u>978,220</u>	<u>-</u>	<u>978,220</u>
(68,668)	13,023	(55,645)
<u>3,603,307</u>	<u>15,000</u>	<u>3,618,307</u>
<u>\$ 3,534,639</u>	<u>\$ 28,023</u>	<u>\$ 3,562,662</u>

Assistance League® of Phoenix, Arizona
 Statements of Functional Expenses
 Year Ended May 31, 2017

	2017												
	Program Services					Supporting Services							
	Operation School Bell@	HUGS	Books, Book Gifts and Symphony	Wee Help	Total Program Services	Fundraising			Thrift Shop	Membership Develop- ment	Manage- ment and General	Total Supporting Services	Total Expenses
					Special Event	Other	Total Fundraising						
Direct costs	\$ 519,353	\$ 21,095	\$ 12,386	\$ 6,772	\$ 559,606	\$ 79,176	\$ -	\$ 79,176	\$ 13,991	\$ -	\$ -	\$ 93,167	\$ 652,773
Bank charges	2,893	118	69	37	3,117	6,803	-	6,803	10,288	-	1,039	18,130	21,247
Dues and subscriptions	675	28	16	9	728	-	-	-	-	-	242	242	970
Information technology	12,237	501	290	158	13,186	-	-	-	980	-	4,396	5,376	18,562
National conference	-	-	-	-	-	-	-	-	-	-	2,753	2,753	2,753
Facilities expense	30,661	1,256	727	396	33,040	-	-	-	40,881	-	11,014	51,895	84,935
Insurance	4,692	192	111	61	5,056	-	-	-	5,849	760	4,304	10,913	15,969
Other expense	8,922	384	222	121	9,649	-	-	-	-	-	3,364	3,364	13,013
Office expense	6,601	270	157	85	7,113	-	-	-	-	-	2,372	2,372	9,485
Professional services	15,915	652	377	206	17,150	13,975	-	13,975	-	-	5,716	19,691	36,841
Marketing and public relations	15,086	618	358	195	16,257	-	-	-	-	-	5,419	5,419	21,676
Grant expense	37,112	-	-	-	37,112	-	-	-	-	-	-	-	37,112
Salaries and benefits	167,784	4,576	2,650	1,445	176,455	4,014	-	4,014	55,221	-	36,045	95,280	271,735
Contract labor	-	-	-	-	-	-	-	-	32,302	-	-	32,302	32,302
Bus expense	8,464	-	-	-	8,464	-	-	-	-	-	-	-	8,464
National dues	-	-	-	-	-	-	-	-	-	6,240	-	6,240	6,240
Members' expense	-	-	-	-	-	-	-	-	-	9,182	-	9,182	9,182
Subtotal	830,395	29,690	17,363	9,485	886,933	103,968	-	103,968	159,512	16,182	76,664	356,326	1,243,259
Depreciation	35,213	1,077	623	340	37,253	-	-	-	29,144	-	9,443	38,587	75,840
Total Expenses	865,608	30,767	17,986	9,825	924,186	103,968	-	103,968	188,656	16,182	86,107	394,913	1,319,099
Less expenses included with revenues on statement of activities	-	-	-	-	-	(66,703)	-	(66,703)	(188,656)	-	-	-	(255,359)
Total expenses included in expense section on statement of activities	<u>\$ 865,608</u>	<u>\$ 30,767</u>	<u>\$ 17,986</u>	<u>\$ 9,825</u>	<u>\$ 924,186</u>	<u>\$ 37,265</u>	<u>\$ -</u>	<u>\$ 37,265</u>	<u>\$ -</u>	<u>\$ 16,182</u>	<u>\$ 86,107</u>	<u>\$ 139,554</u>	<u>\$ 1,063,740</u>

Assistance League® of Phoenix, Arizona
 Statements of Functional Expenses
 Year Ended May 31, 2016

	2016												
	Program Services					Supporting Services							
	Operation School Bell@	HUGS	Books, Book Gifts and Symphony	Wee Help	Total Program Services	Fundraising			Membership		Management and General	Total Supporting Services	Total Expenses
					Special Event	Other	Total Fundraising	Thrift Shop	Develop- ment				
Direct costs	\$ 489,846	\$ 17,705	\$ 12,728	\$ 9,265	\$ 529,544	\$ 89,626	\$ -	\$ 89,626	\$ 7,299	\$ -	\$ -	\$ 96,925	\$ 626,469
Bank charges	1,899	68	49	35	2,051	971	-	971	6,340	-	684	7,995	10,046
Dues and subscriptions	369	13	10	6	398	13	13	26	-	-	106	132	530
Information technology	8,842	315	229	162	9,548	318	318	636	-	-	2,547	3,183	12,731
National conference	-	-	-	-	-	-	-	-	-	-	4,046	4,046	4,046
Education	-	-	-	-	-	-	-	-	-	170	2,655	2,825	2,825
Facilities expense	22,423	798	581	412	24,214	-	-	-	31,017	-	10,269	41,286	65,500
Insurance	6,105	218	158	112	6,593	-	-	-	6,458	-	1,892	8,350	14,943
Miscellaneous	-	-	-	-	-	-	-	-	-	-	450	450	450
Office expense	4,308	154	112	79	4,653	155	155	310	-	-	1,241	1,551	6,204
Professional services	56,352	939	683	484	58,458	6,475	-	6,475	-	-	9,486	15,961	74,419
Marketing and public relations	8,089	288	210	148	8,735	-	-	-	1,171	-	2,911	4,082	12,817
Resource development	-	-	-	-	-	-	1,334	1,334	-	-	-	1,334	1,334
Salaries and benefits	160,664	3,916	2,849	2,017	169,446	3,956	3,956	7,912	50,356	-	35,197	93,465	262,911
Bus expense	4,930	-	-	-	4,930	-	-	-	-	-	-	-	4,930
Truck expense	-	-	-	-	-	-	-	-	1,200	-	-	1,200	1,200
National dues	-	-	-	-	-	-	-	-	-	6,623	-	6,623	6,623
Room rental expense	-	-	-	-	-	-	-	-	-	1,340	-	1,340	1,340
Members' expense	-	-	-	-	-	-	-	-	-	6,457	-	6,457	6,457
Orientation	-	-	-	-	-	-	-	-	-	95	-	95	95
Subtotal	763,827	24,414	17,609	12,720	818,570	101,514	5,776	107,290	103,841	14,685	71,484	297,300	1,115,870
Depreciation	27,682	986	717	508	29,893	-	-	-	29,582	-	9,964	39,546	69,439
Total Expenses	791,509	25,400	18,326	13,228	848,463	101,514	5,776	107,290	133,423	14,685	81,448	336,846	1,185,309
Less expenses included with revenues on statement of activities	-	-	-	-	-	(73,666)	-	(73,666)	(133,423)	-	-	(207,089)	(207,089)
Total expenses included in expense section on statement of activities	<u>\$ 791,509</u>	<u>\$ 25,400</u>	<u>\$ 18,326</u>	<u>\$ 13,228</u>	<u>\$ 848,463</u>	<u>\$ 27,848</u>	<u>\$ 5,776</u>	<u>\$ 33,624</u>	<u>\$ -</u>	<u>\$ 14,685</u>	<u>\$ 81,448</u>	<u>\$ 129,757</u>	<u>\$ 978,220</u>

Assistance League® of Phoenix, Arizona
 Statements of Cash Flows
 Years Ended May 31, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ (84,935)	\$ (55,645)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	75,840	69,438
Unrealized (gain)/loss on investments	(58,649)	38,626
Changes in assets and liabilities		
Accounts receivable	(2,400)	-
Promises to give receivable	149,414	53,011
Prepaid expenses	(12,150)	(1,620)
Inventory	(10,469)	(5,889)
Accounts payable	5,346	(17,467)
Deferred revenue	(860)	1,115
Net Cash from Operating Activities	61,137	81,569
Investing Activities		
Purchase of investments	(16,151)	(66,771)
Sale of investments	-	42,308
Loss on sale of equipment	-	1,200
Purchase of equipment	(9,104)	(36,587)
Net Cash used for Investing Activities	(25,255)	(59,850)
Net Change in Cash and Cash Equivalents	35,882	21,719
Cash and Cash Equivalents, Beginning of Year	736,758	715,039
Cash and Cash Equivalents, End of Year	\$ 772,640	\$ 736,758

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 Assistance League® of Phoenix Teddy Bear stitched with love from Chapter members.
- BOOKS, BOOK GIFTS AND SYMPHONY – 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. During the year ended May 31, 2014, this program was titled LEARN. The LEARN program was terminated during the year ended May 31, 2015 and broken out into three separate programs: books, book gifts and symphony.
- 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.

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 several financial institutions located in the metropolitan Phoenix, Arizona area. The Chapter has deposits at one financial institution that were in excess of the insurance limits of the Federal Deposit Insurance Corporation, the Securities Investors Protection Corporation, and private insurance provided by the financial institution. This position has been disclosed to the Chapter's governing board.

Cash and Cash Equivalents

Cash includes cash held in checking, savings, certificates of deposit and money market accounts at May 31, 2017 and 2016. 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, 2017 or 2016. 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, 2017 and 2016, the Chapter had \$0 and \$149,414, respectively, 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 weighted-average cost 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.

The Chapter reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended May 31, 2017 and 2016.

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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and board-designated endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or the Chapter’s actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Chapter’s Board of Directors.

The Chapter reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Chapter’s actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements. The Chapter had no permanently restricted net assets as of May 31, 2017 and 2016.

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 \$300,969 and \$307,609 during the years ended May 31, 2017 and 2016, 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, 2017, these volunteers donated approximately 28,000 hours with an estimated value of \$665,000. This value was computed using an estimated hourly rate of \$24.42, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2017, 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.

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.

Subsequent Events

The Chapter has evaluated subsequent events through September 15, 2017, 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:

	2017	2016
Cash on hand	\$ 813	\$ 813
Checking account, Wells Fargo	335,151	451,679
Checking account, Desert Schools	32,980	-
Savings account, Desert Schools	25	-
Certificate of Deposit, Desert Schools	200,746	-
Money Market account with Republic Bank	150,730	-
Certificate of Deposit, Bakers Trust	-	232,889
Money Market account with Tushaus Financial Services, Inc.	52,195	51,377
	\$ 772,640	\$ 736,758
Total cash and cash equivalents		

Note 3 - Investments

Investments consisted of the following at May 31:

	2017	2016
Mutual Funds	\$ 538,761	\$ 476,591
Fixed Income	302,841	290,211
	\$ 841,602	\$ 766,802

Note 4 - Fair Value Measurements and Disclosures

In determining fair value, the Chapter uses various valuation approaches. Financial Accounting Standards Board (FASB) Accounting Standards Code (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.

Assistance League® of Phoenix, Arizona

Notes to Financial Statements

May 31, 2017 and 2016

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, 2017</u>				
Mutual Funds				
Real estate	\$ 18,527	\$ -	\$ -	\$ 18,527
Large value	83,378	-	-	83,378
Large growth	41,229	-	-	41,229
Small cap value	40,046	-	-	40,046
Small cap growth	27,946	-	-	27,946
Balanced equity	290,972	-	-	290,972
Non-US Developing	36,663	-	-	36,663
Fixed Income				
Short term	104,700	-	-	104,700
Inflation-protected bonds	92,962	-	-	92,962
Intermediate term	105,179	-	-	105,179
	<u>\$ 841,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 841,602</u>
<u>May 31, 2016</u>				
Mutual Funds				
Real estate	\$ 18,389	\$ -	\$ -	\$ 18,389
Large value	74,525	-	-	74,525
Large growth	35,115	-	-	35,115
Small cap value	34,175	-	-	34,175
Small cap growth	23,559	-	-	23,559
Balanced equity	208,789	-	-	208,789
Non-US Developing	32,401	-	-	32,401
Other	49,638	-	-	49,638
Fixed Income				
Short term	102,576	-	-	102,576
Inflation-protected bonds	89,621	-	-	89,621
Intermediate term	98,014	-	-	98,014
	<u>\$ 766,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,802</u>

Note 5 - Inventory

Inventory consisted of the following at May 31:

	2017	2016
New clothing and shoes for use in the Operation School Bell® program	\$ 181,345	\$ 158,287
Stuffed bears for use in the HUGS program	14,314	8,386
Infant care items for use in the Wee Help program	1,423	709
Books for use in the Learn program	1,271	2,446
Used clothing and household items held for sale at the Thrift Shop	105,779	123,835
Total inventory	\$ 304,132	\$ 293,663

Note 6 - Property and Equipment

Property and equipment are summarized below:

	2017	2016
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	233,878	233,878
Building - 7044 Building	479,377	479,377
Building - Philanthropic Center	298,392	298,392
Improvements - Philanthropic Center	771,529	762,425
Furniture and Equipment - 7044 Building	83,441	83,441
Furniture and Equipment - Philanthropic Center	126,596	126,596
Operation School Bell Bus	65,490	65,490
	2,657,324	2,648,220
Less accumulated depreciation	(1,102,615)	(1,026,775)
Net property and equipment	\$ 1,554,709	\$ 1,621,445

Depreciation expense charged to operations was \$75,840 and \$69,439 for the years ended May 31, 2017 and 2016, respectively.

Note 7 - Net Assets

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

	2017	2016
Unrestricted net assets:		
Board designated for future operating needs	\$ 1,100,000	\$ 1,230,000
Undesignated	2,360,029	2,304,639
Total unrestricted net assets	\$ 3,460,029	\$ 3,534,639

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

	2017	2016
Temporarily restricted net assets:		
Grant for marketing	\$ -	\$ 23,023
Grant for strategic planning	-	5,000
Grant for thrift store support	17,698	-
	\$ 17,698	\$ 28,023

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

	2017	2016
Expenses incurred for purpose specified by donors	\$ 60,325	\$ 36,977

Note 8 - Related Party Transactions

National Franchise Fee

The Chapter pays dues to National Assistance League® based on the number of members in the Chapter. For the years ended 2017 and 2016, the total paid was \$6,240 and \$6,623, 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, 2017 and 2016 are as follows:

Event	Revenue	Cost of Direct Donor Benefits	Other Event Costs	Net Revenues
2017:				
Celebration of Caring	\$ 181,345	\$ 66,703	\$ 37,265	\$ 77,377
2016:				
Celebration of Caring	\$ 298,037	\$ 73,666	\$ 27,848	\$ 196,523