



Financial Statements
May 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 11, 2018

What inspires you, inspires us. | eidebailly.com

Assistance League® of Phoenix, Arizona
 Statements of Financial Position
 May 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 976,930	\$ 772,640
Investments	535,330	841,602
Accounts receivable	-	2,400
Inventory	274,040	304,132
Prepaid expenses	39,114	20,730
Property and equipment, net	1,483,229	1,554,709
Total assets	\$ 3,308,643	\$ 3,496,213
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 47,624	\$ 5,346
Deferred revenue	1,530	13,140
Accrued expenses	6,404	-
Total liabilities	55,558	18,486
Net Assets		
Unrestricted	3,253,085	3,460,029
Temporarily restricted	-	17,698
Total net assets	3,253,085	3,477,727
Total liabilities and net assets	\$ 3,308,643	\$ 3,496,213

	2018		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Fundraising			
Thrift Shop Revenue			
Sales of merchandise	\$ 351,999	\$ -	\$ 351,999
Contributions of donated merchandise	375,309	-	375,309
Less value of merchandise sold	(375,309)	-	(375,309)
Net sales revenue from thrift shop	351,999	-	351,999
Less thrift shop expenses	(194,961)	-	(194,961)
Net revenue from thrift shop	157,038	-	157,038
Special event revenue	188,173	-	188,173
Less costs of direct donor benefits	(79,069)	-	(79,069)
Net revenue from special events	109,104	-	109,104
Lease income	15,695	-	15,695
Other income	4,343	-	4,343
Contributions	79,357	-	79,357
Grants	447,600	-	447,600
Investment income, net	62,665	-	62,665
Membership	21,306	-	21,306
Memorials	5,245	-	5,245
Net assets released from restrictions	17,698	(17,698)	-
Total Revenues, Gains, and Other Support	920,051	(17,698)	902,353
Expenses			
Program expenses			
Operation School Bell®	872,334	-	872,334
Hugs	35,194	-	35,194
Literacy	15,143	-	15,143
Wee Help	11,096	-	11,096
Total program expenses	933,767	-	933,767
Supporting expenses			
Fundraising expenses			
Special event	12,859	-	12,859
Membership development	11,471	-	11,471
Other	3,000	-	3,000
Total fundraising expenses	27,330	-	27,330
Management and general	165,898	-	165,898
Total supporting expenses	193,228	-	193,228
Total Expenses	1,126,995	-	1,126,995
Change in Net Assets	(206,944)	(17,698)	(224,642)
Net Assets, Beginning of Year	3,460,029	17,698	3,477,727
Net Assets, End of Year	\$ 3,253,085	\$ -	\$ 3,253,085

See Notes to Financial Statements

Assistance League® of Phoenix, Arizona
 Statements of Activities
 Years Ended May 31, 2018 and 2017

2017		
Unrestricted	Temporarily Restricted	Total
\$ 319,025	\$ -	\$ 319,025
300,969	-	300,969
<u>(300,969)</u>	<u>-</u>	<u>(300,969)</u>
319,025	-	319,025
<u>(188,656)</u>	<u>-</u>	<u>(188,656)</u>
<u>130,369</u>	<u>-</u>	<u>130,369</u>
181,345	-	181,345
<u>(66,703)</u>	<u>-</u>	<u>(66,703)</u>
<u>114,642</u>	<u>-</u>	<u>114,642</u>
15,281	-	15,281
6,232	-	6,232
100,363	-	100,363
462,958	50,000	512,958
77,245	-	77,245
16,225	-	16,225
5,490	-	5,490
<u>60,325</u>	<u>(60,325)</u>	<u>-</u>
<u>989,130</u>	<u>(10,325)</u>	<u>978,805</u>
865,608	-	865,608
30,767	-	30,767
17,986	-	17,986
9,825	-	9,825
<u>924,186</u>	<u>-</u>	<u>924,186</u>
37,265	-	37,265
16,182	-	16,182
-	-	-
<u>53,447</u>	<u>-</u>	<u>53,447</u>
86,107	-	86,107
<u>139,554</u>	<u>-</u>	<u>139,554</u>
<u>1,063,740</u>	<u>-</u>	<u>1,063,740</u>
(74,610)	(10,325)	(84,935)
<u>3,534,639</u>	<u>28,023</u>	<u>3,562,662</u>
<u>\$ 3,460,029</u>	<u>\$ 17,698</u>	<u>\$ 3,477,727</u>

Assistance League® of Phoenix, Arizona
 Statements of Functional Expenses
 Year Ended May 31, 2018

	2018												
	Program Services					Supporting Services							
	Operation School Bell@	HUGS	Literacy	Wee Help	Total Program Services	Fundraising				Management and General	Total Supporting Services	Total Expenses	
					Special Event	Thrift Shop	Membership Develop- ment	Other	Total Fundraising				
Direct costs	\$ 526,075	\$ 25,361	\$ 9,451	\$ 7,991	\$ 568,878	\$ 79,069	\$ 7,406	\$ -	\$ -	\$ 86,475	\$ -	\$ 86,475	\$ 655,353
Bank charges	1,470	60	35	19	1,584	5,484	7,404	-	-	12,888	528	13,416	15,000
Dues and subscriptions	110	5	3	1	119	-	-	-	-	-	87	87	206
Information technology	7,778	318	184	101	8,381	-	1,751	-	3,000	4,751	925	5,676	14,057
National conference	-	-	-	-	-	-	-	-	-	-	4,670	4,670	4,670
Facilities expense	33,238	1,361	788	430	35,817	-	51,443	137	-	51,580	3,980	55,560	91,377
Insurance	4,692	192	111	61	5,056	-	7,056	973	-	8,029	2,892	10,921	15,977
Other expense	1,323	54	31	17	1,425	-	-	-	-	-	1,186	1,186	2,611
Office expense	6,112	250	145	79	6,586	-	-	-	-	-	2,195	2,195	8,781
Professional services	17,333	710	411	224	18,678	7,375	-	-	-	7,375	89,799	97,174	115,852
Marketing and public relations	5,359	220	127	69	5,775	-	-	28	-	28	1,934	1,962	7,737
Grant expense	30,800	-	-	-	30,800	-	-	-	-	-	-	-	30,800
Salaries and benefits	195,671	5,504	3,186	1,738	206,099	-	58,043	-	-	58,043	48,278	106,321	312,420
Contract labor	-	-	-	-	-	-	32,714	-	-	32,714	-	32,714	32,714
Bus expense	7,509	-	-	-	7,509	-	-	-	-	-	-	-	7,509
National dues	-	-	-	-	-	-	-	5,880	-	5,880	-	5,880	5,880
Members' expense	-	-	-	-	-	-	-	4,453	-	4,453	-	4,453	4,453
Subtotal	837,470	34,035	14,472	10,730	896,707	91,928	165,817	11,471	3,000	272,216	156,474	428,690	1,325,397
Depreciation	34,864	1,159	671	366	37,060	-	29,144	-	-	29,144	9,424	38,568	75,628
Total Expenses	872,334	35,194	15,143	11,096	933,767	91,928	194,961	11,471	3,000	301,360	165,898	467,258	1,401,025
Less expenses included with revenues on statement of activities	-	-	-	-	-	(79,069)	(194,961)	-	-	(274,030)	-	(274,030)	(274,030)
Total expenses included in expense section on statement of activities	<u>\$ 872,334</u>	<u>\$ 35,194</u>	<u>\$ 15,143</u>	<u>\$ 11,096</u>	<u>\$ 933,767</u>	<u>\$ 12,859</u>	<u>\$ -</u>	<u>\$ 11,471</u>	<u>\$ 3,000</u>	<u>\$ 27,330</u>	<u>\$ 165,898</u>	<u>\$ 193,228</u>	<u>\$ 1,126,995</u>

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

	2017											
	Program Services					Supporting Services						
	Operation School Bell®	HUGS	Literacy	Wee Help	Total Program Services	Fundraising			Manage- ment and General	Total Supporting Services	Total Expenses	
					Special Event	Thrift Shop	Members- hip Develop- ment	Total Fundraising				
Direct costs	\$ 519,353	\$ 21,095	\$ 12,386	\$ 6,772	\$ 559,606	\$ 79,176	\$ 13,991	\$ -	\$ 93,167	\$ -	\$ 93,167	\$ 652,773
Bank charges	2,893	118	69	37	3,117	6,803	10,288	-	17,091	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	-	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	-	40,881	11,014	51,895	84,935
Insurance	4,692	192	111	61	5,056	-	5,849	760	6,609	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	55,221	-	59,235	36,045	95,280	271,735
Contract labor	-	-	-	-	-	-	32,302	-	32,302	-	32,302	32,302
Bus expense	8,464	-	-	-	8,464	-	-	-	-	-	-	8,464
National dues	-	-	-	-	-	-	-	6,240	6,240	-	6,240	6,240
Members' expense	-	-	-	-	-	-	-	9,182	9,182	-	9,182	9,182
Subtotal	830,395	29,690	17,363	9,485	886,933	103,968	159,512	16,182	279,662	76,664	356,326	1,243,259
Depreciation	35,213	1,077	623	340	37,253	-	29,144	-	29,144	9,443	38,587	75,840
Total Expenses	865,608	30,767	17,986	9,825	924,186	103,968	188,656	16,182	308,806	86,107	394,913	1,319,099
Less expenses included with revenues on statement of activities	-	-	-	-	-	(66,703)	(188,656)	-	(255,359)	-	(255,359)	(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>\$ 16,182</u>	<u>\$ 53,447</u>	<u>\$ 86,107</u>	<u>\$ 139,554</u>	<u>\$ 1,063,740</u>

Assistance League® of Phoenix, Arizona
 Statements of Cash Flows
 Years Ended May 31, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ (224,642)	\$ (84,935)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	75,628	75,840
Unrealized/realized gains on investments	(60,934)	(58,649)
Changes in assets and liabilities		
Accounts receivable	2,400	(2,400)
Promises to give receivable	-	149,414
Inventory	30,092	(10,469)
Prepaid expenses	(18,384)	(12,150)
Accounts payable	42,278	5,346
Deferred revenue	(11,610)	(860)
Accrued expenses	6,404	-
Net Cash from (used for) Operating Activities	(158,768)	61,137
Investing Activities		
Purchase of investments	(474,575)	(16,151)
Sale of investments	841,781	-
Purchase of equipment	(4,148)	(9,104)
Net Cash from (used for) Investing Activities	363,058	(25,255)
Net Change in Cash and Cash Equivalents	204,290	35,882
Cash and Cash Equivalents, Beginning of Year	772,640	736,758
Cash and Cash Equivalents, End of Year	\$ 976,930	\$ 772,640

Note 1 - Nature of Operations and Significant Accounting Policies

Assistance League® of Phoenix, Arizona (the Chapter) is an Arizona nonprofit corporation formed in March of 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.
- LITERACY (BOOK GIFTS/BIRTHDAY BOOKS) – promotes student and family literacy by augmenting the educational resources of Title I elementary schools. Nine Title I schools in greater Phoenix have birthday book centers where every child can pick out a new book on his or her birthday. Thousands of books 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 literacy programs, including book gifts and birthday books.
- 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

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Chapter has not experienced losses in any of these accounts.

Cash and Cash Equivalents

Cash includes cash held in checking, savings, certificates of deposit and money market accounts at May 31, 2018 and 2017. 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 may include amounts which are subject to donor-imposed restrictions. There were no other restrictions on cash at May 31, 2018 or 2017.

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.

Inventory

As of June 1, 2017, the Chapter adopted Accounting Standards Update (ASU) 2015-11, *Inventory: Simplifying the Measurement of Inventory*. This update requires inventory to be measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Adoption of this accounting standard update is on a prospective basis.

The Chapter maintains an inventory of new clothing and shoes for use in its Operation School Bell® program, books for use in its Literacy 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, determined by the weighted-average cost method, or net realizable value. 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, 2018 and 2017.

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.

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.

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, 2018 and 2017.

Donated Materials and Services

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations. Donated materials of \$375,309 and \$300,969 during the years ended May 31, 2018 and 2017, 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, 2018, these volunteers donated approximately 29,000 hours with an estimated value of \$719,000. This value was computed using an estimated hourly rate of \$24.95, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2018, 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Chapter has evaluated subsequent events through September 11, 2018, 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:

	2018	2017
Cash on hand	\$ 813	\$ 813
Checking account, Wells Fargo	272,031	335,151
Checking account, Desert Schools	6,454	32,980
Savings account, Desert Schools	25	25
Certificate of Deposit, Desert Schools	201,983	200,746
Money Market account with Republic Bank	76,223	150,730
Money Market account with Tushaus Financial Services, Inc.	419,401	52,195
	\$ 976,930	\$ 772,640

Note 3 - Investments

Investments consisted of the following at May 31:

	2018	2017
Equities	\$ 86,958	\$ 290,972
Mutual Funds	248,299	247,789
Fixed Income	200,073	302,841
	\$ 535,330	\$ 841,602

Note 4 - Net Investment Return

Net investment return consists of the following for the years ended May 31, 2018 and 2017:

	2018	2017
Operating investments		
Interest and dividends	\$ 20,465	\$ 22,714
Net realized and unrealized gain	40,469	35,935
	\$ 60,934	\$ 58,649

Note 5 - Fair Value Measurements and Disclosures

The Chapter reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

Assistance League® of Phoenix, Arizona

Notes to Financial Statements

May 31, 2018 and 2017

The following tables presents assets measured at fair value on a recurring basis:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>May 31, 2018</u>				
Equities				
Balanced equity	\$ 86,958	\$ -	\$ -	\$ 86,958
Mutual Funds				
Real estate	20,251	-	-	20,251
Large value	77,496	-	-	77,496
Large growth	48,486	-	-	48,486
Small cap value	41,965	-	-	41,965
Small cap growth	20,367	-	-	20,367
Foreign large blend	39,734	-	-	39,734
Fixed Income				
Ultrashort bonds	200,073	-	-	200,073
	<u>\$ 535,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,330</u>
<u>May 31, 2017</u>				
Equities				
Balanced equity	\$ 290,972	\$ -	\$ -	\$ 290,972
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
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>

Note 6 - Inventory

Inventory consisted of the following at May 31:

	2018	2017
New clothing and shoes for use in the Operation School Bell® program	\$ 139,448	\$ 181,345
Stuffed bears for use in the HUGS program	3,406	14,314
Infant care items for use in the Wee Help program	356	1,423
Books for use in the Literacy program	1,741	1,271
Used clothing and household items held for sale at the thrift shop	129,089	105,779
Total inventory	\$ 274,040	\$ 304,132

Note 7 - Property and Equipment

Property and equipment are summarized below at May 31:

	2018	2017
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	242,578	233,878
Building - 7044 Building	479,377	479,377
Building - Philanthropic Center	298,392	298,392
Improvements - Philanthropic Center	766,977	771,529
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
	2,661,472	2,657,324
Less accumulated depreciation	(1,178,243)	(1,102,615)
Net property and equipment	\$ 1,483,229	\$ 1,554,709

Note 8 - Net Assets

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

	2018	2017
Unrestricted net assets:		
Board designated for future operating needs	\$ 1,100,000	\$ 1,100,000
Undesignated	2,153,085	2,360,029
Total unrestricted net assets	\$ 3,253,085	\$ 3,460,029

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

	2018	2017
Temporarily restricted net assets:		
Grant for thrift store support	\$ -	\$ 17,698
	\$ -	\$ 17,698

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

	2018	2017
Expenses incurred for purpose specified by donors	\$ 17,698	\$ 60,325

Note 9 - 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 2018 and 2017, the total paid was \$5,880 and \$6,240, 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, 2018 and 2017 are as follows:

Event	Revenue	Cost of Direct Donor Benefits	Other Event Costs	Net Revenues
2018:				
Celebration of Caring	\$ 188,173	\$ 79,069	\$ 12,859	\$ 96,245
2017:				
Celebration of Caring	\$ 181,345	\$ 66,703	\$ 37,265	\$ 77,377