

NATIONAL ASSISTANCE LEAGUE

**Independent Auditor's Report and
Financial Statements**

**For the Year Ended May 31, 2018
(With Comparative Totals for 2017)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Assistance League

Report on the Financial Statements

We have audited the accompanying financial statements of National Assistance League (a nonprofit organization), which comprise the Statement of Financial Position as of May 31, 2018, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

INDEPENDENT AUDITORS' REPORT

continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Assistance League as of May 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Summarized Comparative Information

We have previously audited National Assistance League's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 7, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California
August 16, 2018

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF FINANCIAL POSITION

MAY 31, 2018

(WITH COMPARATIVE TOTALS AT MAY 31, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 403,472	\$ 1,694,810
Accounts receivable	-	1,620
Prepaid expenses	54,953	93,792
Investments (Note 2)	4,871,518	4,187,107
Property and equipment, net (Note 3)	149,412	118,260
	<u>5,479,355</u>	<u>6,095,589</u>
TOTAL ASSETS	<u>\$ 5,479,355</u>	<u>\$ 6,095,589</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 81,061	\$ 170,327
Accrued liabilities	254,329	121,346
Deferred dues revenue	169,910	405,680
Other deferred revenue	6,000	142,905
Capital lease obligation (Note 4)	29,123	6,553
Note payable	-	3,244
	<u>540,423</u>	<u>850,055</u>
TOTAL LIABILITIES	<u>540,423</u>	<u>850,055</u>
NET ASSETS (Note 6)		
Unrestricted	2,729,977	3,032,122
Unrestricted - board designated	2,161,000	2,161,000
Temporarily restricted	37,955	42,412
Permanently restricted	10,000	10,000
	<u>4,938,932</u>	<u>5,245,534</u>
TOTAL NET ASSETS	<u>4,938,932</u>	<u>5,245,534</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,479,355</u>	<u>\$ 6,095,589</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2017)

	Year Ended May 31, 2018			Year Ended May 31, 2017 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUES				
Membership dues	\$ 865,875	\$ -	\$ -	\$ 891,635
Conference fees	556,604	-	-	450,785
Contributions	242,084	37,955	-	179,579
Other	32,924	-	-	29,701
Net assets released from restrictions:				
Satisfaction of purpose restrictions	42,412	(42,412)	-	-
TOTAL SUPPORT AND REVENUES	1,739,899	(4,457)	-	1,551,700
EXPENSES				
Program services:				
Conferences	1,123,814	-	-	781,508
Chapter services	941,065	-	-	554,108
Chapter formation	12,220	-	-	14,840
Total program services expenses	<u>2,077,099</u>	<u>-</u>	<u>-</u>	<u>1,350,456</u>
Supporting services:				
Fundraising	135,386	-	-	94,059
Management and general	184,289	-	-	249,003
Total supporting services expenses	<u>319,675</u>	<u>-</u>	<u>-</u>	<u>343,062</u>
TOTAL EXPENSES	2,396,774	-	-	1,693,518
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN	(656,875)	(4,457)	-	(141,818)
Investment returns, net (Note 2)	<u>354,730</u>	<u>-</u>	<u>-</u>	<u>385,703</u>
CHANGE IN NET ASSETS	(302,145)	(4,457)	-	243,885
NET ASSETS AT BEGINNING OF YEAR	5,193,122	42,412	10,000	5,001,649
NET ASSETS AT END OF YEAR	\$ 4,890,977	\$ 37,955	\$ 10,000	\$ 5,245,534

The accompanying notes are an integral part of these financial statements.

NATIONAL ASSISTANCE LEAGUE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2017)

	Year Ended May 31, 2018								Year Ended May 31, 2017
	Program Services				Supporting Services				Total
	Chapter Educational Conferences	Chapter Services	Chapter Formation	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses
Attendee meals, travel and lodging	\$ 697,282	\$ -	\$ -	\$ 697,282	\$ -	\$ -	\$ -	\$ 697,282	\$ 423,455
Travel - chapter support and other	43,745	332,516	2,584	378,845	11,578	5,839	17,417	396,262	364,211
Salaries and benefits	44,594	66,891	-	111,485	41,409	101,929	143,338	254,823	184,327
Other professional services	29,628	159,526	3,794	192,948	-	1,630	1,630	194,578	145,417
Conference planning services	-	158,758	-	158,758	-	-	-	158,758	31,941
Audio visual services	128,217	-	-	128,217	-	-	-	128,217	96,452
Accounting services	47,980	27,108	1,129	76,217	19,790	16,942	36,732	112,949	82,800
Occupancy	15,982	35,517	1,776	53,275	13,319	22,198	35,517	88,792	78,318
Grants for Hurricane Harvey	-	75,440	202	75,642	-	-	-	75,642	-
Technology services	17,871	42,610	447	60,928	8,935	6,702	15,637	76,565	96,558
Marketing services	17,133	10,280	428	27,841	8,567	6,425	14,992	42,833	38,759
Depreciation and amortization	16,938	10,163	423	27,524	8,469	6,352	14,821	42,345	39,848
Operating supplies	16,900	7,445	173	24,518	3,466	4,332	7,798	32,316	31,713
Interest and bank fees	18,608	1,909	-	20,517	9,839	385	10,224	30,741	28,988
Printing	9,361	3,116	891	13,368	361	2,593	2,954	16,322	15,457
Insurance	7,286	1,126	47	8,459	938	5,370	6,308	14,767	9,013
Dues and subscriptions	4,725	2,100	-	6,825	3,675	-	3,675	10,500	10,803
Telephone	2,333	2,350	78	4,761	1,555	1,944	3,499	8,260	6,877
Postage and freight	2,939	2,211	189	5,339	2,307	175	2,482	7,821	4,255
Miscellaneous expenses	2,292	1,999	59	4,350	1,178	1,473	2,651	7,001	4,326
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 1,123,814	\$ 941,065	\$ 12,220	\$ 2,077,099	\$ 135,386	\$ 184,289	\$ 319,675	\$ 2,396,774	
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 781,508	\$ 554,108	\$ 14,840	\$ 1,350,456	\$ 94,059	\$ 249,003	\$ 343,062		\$ 1,693,518

The accompanying notes are an integral part of these financial statements.

NATIONAL ASSISTANCE LEAGUE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MAY 31, 2017)**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (306,602)	\$ 243,885
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization expense	42,345	39,848
Donated investments	-	(11,705)
Investment income	(354,730)	(385,703)
Loss on disposal assets	-	5,077
(Increase) decrease in operating assets:		
Accounts receivable	1,620	(1,620)
Prepaid expenses and other assets	38,839	(58,158)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	43,717	27,542
Deferred revenues	(372,675)	376,426
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(907,486)</u>	<u>235,592</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(42,496)	-
Purchase of investments	(329,681)	(488,262)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(372,177)</u>	<u>(488,262)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable and capital lease obligation	(11,675)	(11,039)
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(11,675)</u>	<u>(11,039)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,291,338)</u>	<u>(263,709)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>1,694,810</u>	<u>1,958,519</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>\$ 403,472</u></u>	<u><u>\$ 1,694,810</u></u>
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflect interest paid of:	<u><u>\$ 1,667</u></u>	<u><u>\$ 1,093</u></u>
Purchase of equipment through capital lease	<u><u>\$ 31,000</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

1. Summary of Significant Accounting Policies

Nature of Activities

National Assistance League, founded in 1935, is a California nonprofit corporation dedicated to "building effective chapters nationwide through education, inspiration and support." National Assistance League delivers on its mission by providing its 22,000 volunteer members with:

- 1) Organizational support;
- 2) A framework to ensure best practices through continuing support and education; and
- 3) Oversight and compliance review for its 120 Assistance League chapters located in 26 states.

Chapter members in turn are transforming lives and strengthening their communities. They are valued assets in their local communities, developing and executing philanthropic programs to address unmet needs unique to each community.

All Assistance League chapters support our signature program, Operation School Bell® as well as customized programs to meet other community needs. Our dedicated member volunteers provide over 3.2 million hours of volunteer service annually. Chapter programs are funded through thrift shop proceeds, grants, donations and special events fundraisers specific to each chapter; local chapters do not receive any funding from the national organization.

Over the years, National Assistance League has enabled thousands of volunteers to effectively lead their local chapter by providing administrative, legal and operational guidance. The guidance includes written resources available on the website, annual leadership and Treasurer's training, and National Conference. National Conference is usually annual but will not be held in 2018. The education is provided by paid lecturers and volunteers serving on national committees. The following outlines the tools used by National Assistance League to support the growth of effective volunteerism in the chapters:

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

1. Summary of Significant Accounting Policies, continued

• **National Educational Conference, Leadership Training and Assisteens® Conference**

Chapter educational conferences provide education, networking and training. Member volunteers and leaders find these sessions to be worthwhile and beneficial. The sessions cover many relevant topics including technical knowledge, new concepts and ideas and human resource management. In addition, the educational sessions offer great networking opportunities whereby attendees meet members from across the country, compare notes, offer suggestions, share ideas and support each other.

• **Chapter Services**

Chapter Services is a network of experienced volunteers working together to offer guidance to the chapters in a meaningful, personalized way to help them achieve and maintain consistent operational standards. National committee members provide the chapters with:

- 1) A complete library of resources for managing the chapter including policies and procedures;
- 2) On-site visits that promote the interchange of ideas;
- 3) On-site training of incoming boards; and
- 4) A staff of paid and volunteer experts to respond to the specific chapter concerns in the areas of:
 - a) Bylaws;
 - b) Finance;
 - c) Management of philanthropic programs;
 - d) Marketing and communications;
 - e) Membership;
 - f) Resource Development;
 - g) Strategic Planning; and
 - h) Technology.

National Assistance League is a member-based organization. The chapter members elect the boards of their own chapters and make all major decisions for the organization, including how funds are raised and on what programs the money will be used. Direct and on-going interaction with our chapters has created a valuable link between the national organization and its member chapters. This is critical to nurturing, problem solving and maintaining organizational standards across the country.

continued

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

1. Summary of Significant Accounting Policies, continued

• Chapter Formation

The Chapter Formation Committee plants the seeds for new growth by identifying communities in need across the country which could both benefit from and support a future Assistance League chapter. The committee members provide valuable guidance to prospective chapters as they strive to establish the organizational structure needed to become a successful chartered chapter. The Chapter Formation program is a critical component of the organizational growth strategy for National Assistance League. It provides the basis for the organization to build its national impact and brand incrementally with each new chapter.

Support and Revenue

National Assistance League's support and revenue is primarily derived from per-capita membership dues, conference fees, contributions and investment return. Currently most contributions are received from Assistance League members and local chapters donating to the Circle Fund. Circle Fund supports the educational programs provided at the national level for all members.

Basis of Accounting

The accompanying financial statements of the National Assistance League have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of National Assistance League are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services and receiving interest from investments less expenses incurred in providing program-related services, raising contributions and performing administrative functions.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

1. Summary of Significant Accounting Policies, continued

Unrestricted – Board Designated. These are comprised of resources that the Board of Directors has established as being designated for future operations and capital expenditures. For purposes of complying with net assets accounting, these assets are included in unrestricted net assets at May 31, 2018 (see Note 6).

Temporarily Restricted. National Assistance League reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 purpose or time restrictions. National Assistance League has temporarily restricted net assets of \$37,955 at May 31, 2018.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit National Assistance League to expend all of the income (or other economic benefits) derived from the donated assets. National Assistance League has permanently restricted net assets of \$10,000 at May 31, 2018.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with National Assistance League's financial statements for the year ended May 31, 2017, from which the summarized information was derived.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

1. Summary of Significant Accounting Policies, continued

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

National Assistance League is required to measure investments at fair value.

Cash and Cash Equivalents

National Assistance League has defined cash and cash equivalents as cash held in checking and money market accounts, time deposits, certificates of deposit and all highly liquid investments with original maturities of three months or less.

Investments

National Assistance League carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Restricted gains and investment income whose restrictions are met in the same period the gains or income are recognized are reported as unrestricted revenue.

Concentration of Credit Risks

National Assistance League places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation's and Securities Investor Protection Corporation's insurance limits. National Assistance League has not incurred losses related to these investments.

Property and Equipment

Property and equipment are stated at cost or at the fair value at the date of donation in the case of donated assets. Property and equipment acquisitions in excess of \$1,000 are capitalized. Additionally, National Assistance League capitalizes its software and website in accordance with generally accepted accounting principles.

continued

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

1. Summary of Significant Accounting Policies, continued

National Assistance League provides for depreciation and amortization of property and equipment by use of the straight-line method over the estimated useful lives as follows:

Furniture and equipment	5 to 10 years
Software and website	3 to 5 years

Deferred Revenue

Membership dues and conference fees collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues and fees 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 or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted 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

A significant portion of National Assistance League's program services, fundraising and administrative functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended May 31, 2018, these volunteers donated approximately 35,161 (unaudited) hours with an estimated value of \$843,864. This value was computed using the estimated hourly rate of \$24.00, based upon the average hourly earnings of nonagricultural workers for twelve month period ended May 31, 2018, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, including 12% for estimated fringe benefits.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

1. Summary of Significant Accounting Policies, continued

Income Taxes

National Assistance League is exempt from taxation under Internal Revenue Code Section 501(c)(3). In addition, National Assistance League qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). National Assistance League is also exempt from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by National Assistance League in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. National Assistance League's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

2. Investments

Investments are stated at fair value and consist of the following at May 31, 2018:

Equities	\$4,626,660
Certificates of deposit	<u>244,858</u>
Total investments	<u>\$4,871,518</u>

The fair value of equities within the Level 1 inputs are based on quoted market prices as of the closing of the last business day of the fiscal year (see Note 9).

Investment return for the year ended May 31, 2018 is summarized as follows:

Interest and dividends	\$ 129,636
Unrealized loss	(104,804)
Realized gains	354,498
Less: investment advisory and custodial fees	<u>(24,600)</u>
Total investment return, net	<u>\$ 354,730</u>

3. Property and Equipment

Property and equipment at May 31, 2018 consists of the following:

Software and website	\$ 215,731
Furniture and equipment	<u>170,088</u>
	385,819
Less: accumulated depreciation and amortization	<u>(236,407)</u>
	<u>\$ 149,412</u>

Depreciation and amortization expense for the year ended May 31, 2018 was \$42,345.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

4. Leases

National Assistance League leases equipment under a capital lease. The cost of the equipment and the corresponding accumulated depreciation as of May 31, 2018 amounted to \$31,000 and \$2,583 respectively. Future minimum payments under this lease, consists of the following:

<u>Year ended May 31,</u>	
2019	\$ 8,508
2020	8,508
2021	8,508
2022	8,508
2023	<u>4,958</u>
Total minimum lease payments	38,990
Less: total interest expense	<u>(9,867)</u>
Present value of minimum lease payments	<u>\$29,123</u>

National Assistance League leases office space under an operating lease expiring in May 2023. Future minimum payments under this lease are as follows:

<u>Year ended May 31,</u>	
2019	\$ 63,504
2020	65,409
2021	67,371
2022	69,393
2023	<u>71,474</u>
	<u>\$337,151</u>

Rental expense under operating leases was \$88,792 for the year ended May 31, 2018 and is included in occupancy expense in the Statement of Functional Expenses.

5. Commitments

As of May 31, 2018, National Assistance League has entered into contracts with various hotels through July 2020 for meeting space and room rentals associated with conferences. In the event of conference cancellation or inability to fulfill contractual requirements, National Assistance League may be liable for certain cancellation and attendance shortfall costs.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

6. Net Assets

At May 31, 2018, net assets were restricted by donors or designated by National Assistance League as follows:

Unrestricted net assets:

Designated reserve for one year's operating expenses	\$2,125,000
Designated for capital expenditures	36,000
Undesignated	<u>2,729,977</u>
Total unrestricted net assets	<u>\$4,890,977</u>

Temporarily restricted net assets:

Circle contributions	<u>\$37,955</u>
Total temporarily restricted net assets	<u>\$37,955</u>

Permanently restricted net assets:

Hillgren Fund	<u>\$10,000</u>
Total permanently restricted net assets	<u>\$10,000</u>

7. Permanently Restricted Net Assets - Endowment Fund

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds) whether or not the organization is subject to UPMIFA.

National Assistance League's Endowment Fund includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

National Assistance League classifies as permanently restricted net assets, (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by National Assistance League.

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

7. Permanently Restricted Net Assets - Endowment Fund, continued

Endowment net assets composition by type of fund as of May 31, 2018 is as follows:

	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowments to be held in perpetuity	<u>\$10,000</u>	<u>\$10,000</u>

Changes in endowment net assets for the year ended May 31, 2018 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning of year, June 1, 2017	\$ -	\$10,000	\$10,000
Interest and dividends	-	-	-
Net appreciation (realized and unrealized)	-	-	-
Released temporarily restricted funds	-	-	-
End of year, May 31, 2018	<u>\$ -</u>	<u>\$10,000</u>	<u>\$10,000</u>

8. Fair Value Measurements

The table below presents the balances of assets measured at fair value at May 31, 2018 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities				
Small cap	\$ 848,500	\$ -	\$ -	\$ 848,500
Short term bond	695,439	-	-	695,439
Ultrashort bond	505,391	-	-	505,391
Moderate allocation	482,702	-	-	482,702
Large value	481,702	-	-	481,702
Real estate bond	345,600	-	-	345,600
Foreign large	338,777	-	-	338,777
Commodities broad	239,359	-	-	239,359
Mid cap	196,133	-	-	196,133
Short government	150,061	-	-	150,061
Large growth	133,507	-	-	133,507
Large blend	112,163	-	-	112,163
Intermediate government	97,326	-	-	97,326
	<u>\$4,626,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,626,660</u>

continued

NATIONAL ASSISTANCE LEAGUE
NOTES TO FINANCIAL STATEMENTS
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8. Fair Value Measurements, continued

The fair value of equities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

9. Evaluation of Subsequent Events

National Assistance League has evaluated events subsequent to August 16, 2018 to assess the need of potential recognition or disclosure in the financial statements. Such events were evaluated through August 16, 2018, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.