Reviewed Financial Statements

assistance league®

May 31, 2024

Quigley & Miron

National Assistance League
Reviewed Financial Statements
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May 31, 2024

Quigley & Miron

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Independent Accountant's Review Report

Board of Directors
National Assistance League
Burbank, California

We have reviewed the accompanying financial statements of National Assistance League, a nonprofit organization, which comprise the statement of financial position as of May 31, 2024, and the related statements of activities, functional expenses, and cash flow for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of National Assistance League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2023 Financial Statements

The May 31, 2023 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 13, 2023. We have not performed any auditing procedures since that date.

Quigley & Miron

Los Angeles, California
October 3, 2024

National Assistance League
Statement of Financial Position
May 31, 2024
(with comparative totals for 2023)

	2024 Reviewed	2023 Audited
Assets		
Cash and cash equivalents	$ 290,460	$ 265,473
Accounts receivable	1,334	211
ERC grants receivable—Note 4		153,329
Prepaid expenses and other assets	60,430	2,985
Investments—Note 5	4,960,477	4,604,065
Property and equipment, net—Note 6	188,167	125,487
Total Assets	**$ 5,500,868**	**$ 5,151,550**
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 46,621	$ 76,535
Salaries and employee benefits payable	43,350	54,182
Deferred membership dues	243,875	190,155
Total Liabilities	**333,846**	**320,872**
Net Assets		
Without donor restrictions—Note 8	5,167,022	4,820,968
With donor restrictions—Note 9		9,710
Total Net Assets	**5,167,022**	**4,830,678**
Total Liabilities and Net Assets	**$ 5,500,868**	**$ 5,151,550**

See independent accountant's review report and notes to financial statements.

National Assistance League
Statement of Activities
Year Ended May 31, 2024
(with comparative totals for 2023)

	2024 Reviewed			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2023 Audited**
Operating Activities				
Support and Revenue				
Membership dues	$ 799,938	$	$ 799,938	$ 787,058
Conference registration fees	14,440		14,440	13,578
Salesforce license fees	12,158		12,158	
Grants and contributions	123,906		123,906	152,055
ERC grants—Note 4				153,329
Interest and dividends	211,892		211,892	190,464
Other income	5,401		5,401	103
Loss on disposal of equipment				(5,110)
Net assets released from restrictions	9,710	(9,710)		
Total Support, Revenue, and Release from Restrictions	**1,177,445**	**(9,710)**	**1,167,735**	**1,291,477**
Expenses				
Assistance League Chapter Services	1,001,670		1,001,670	477,045
Management and general	150,538		150,538	408,895
Membership and fund development	54,581		54,581	228,664
Total Expenses	**1,206,789**		**1,206,789**	**1,114,604**
Change in Net Assets from Operations	**(29,344)**	**(9,710)**	**(39,054)**	**176,873**
Nonoperating Activities				
Investment return, net—Note 5	375,398		375,398	(331,854)
Change in Nonoperating Activities	**375,398**		**375,398**	**(331,854)**
Change in Net Assets	**346,054**	**(9,710)**	**336,344**	**(154,981)**
Net Assets at Beginning of Year	**4,820,968**	**9,710**	**4,830,678**	**4,985,659**
Net Assets at End of Year	**$ 5,167,022**	**$**	**$ 5,167,022**	**$ 4,830,678**

See independent accountant's review report and notes to financial statements.

National Assistance League
Statement of Functional Expenses
Year Ended May 31, 2024
(with comparative totals for 2023)

	2024 Reviewed				
	Assistance League Chapter Services	**Management and General**	**Membership and Fund Development**	**2024 Total**	**2023 Audited**
Salaries, payroll taxes, and benefits	$ 482,211	$ 84,625	$ 28,209	$ 595,045	$ 523,458
Professional services	311,182	35,921	15,349	362,452	263,256
Licenses, fees, and subscriptions	68,793	12,899	4,300	85,992	99,918
Board and committee travel	27,235	5,107	1,702	34,044	19,450
Advertising and promotion	28,176			28,176	19,612
Outside services	22,763	4,101	1,367	28,231	28,918
Depreciation and amortization	18,786	2,289	1,145	22,220	28,343
Miscellaneous expenses	15,021	624	751	16,396	25,754
Insurance	9,948	1,865	622	12,435	11,303
Bank and merchant fees	5,206	1,261	520	6,987	6,494
Occupancy	4,740	889	296	5,925	77,324
Operating supplies	2,651	497	166	3,314	6,936
Conference materials	2,504			2,504	
Printing and copier lease	1,386	260	87	1,733	2,096
Postage and freight	1,068	200	67	1,335	1,742
Total Expenses	**$ 1,001,670**	**$ 150,538**	**$ 54,581**	**$ 1,206,789**	**$ 1,114,604**

See independent accountant's review report and notes to financial statements.

National Assistance League
Statement of Cash Flows
Year Ended May 31, 2024
(with comparative totals for 2023)

	2024 Reviewed	2023 Audited
Cash Flows from Operating Activities		
Change in net assets	$ 336,344	$ (154,981)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,220	28,343
Loss on disposal of property and equipment		5,110
Investment gains	(424,459)	284,887
Changes in operating assets and liabilities:		
Accounts receivable	(1,123)	165,619
ERC grants receivable	153,329	(153,329)
Prepaid expenses and other assets	(57,445)	14,544
Accounts payable and accrued liabilities	(29,914)	29,868
Salaries and employee benefits payable	(10,832)	10,247
Deferred membership dues	53,720	(207,417)
Net Cash Provided by Operating Activities	**41,840**	**22,891**
Cash Flows from Investing Activities		
Purchases of property and equipment	(84,900)	(90,845)
Proceeds on sales/maturities of investments	805,033	401,434
Purchases of investments	(736,986)	(565,389)
Net Cash Used in Investing Activities	**(16,853)**	**(254,800)**
Cash Flows from Financing Activities		
Principal payments on capital lease obligation		(4,750)
Net Cash Provided by Financing Activities		**(4,750)**
Net Increase in Cash and Cash Equivalents	**24,987**	**(236,659)**
Cash and Cash Equivalents at Beginning of Year	**265,473**	**502,132**
Cash and Cash Equivalents at End of Year	**$ 290,460**	**$ 265,473**
Supplemental Disclosures		
Income taxes paid	$	$
Interest paid	$	

See independent accountant's review report and notes to financial statements.

National Assistance League
Notes to Financial Statements
May 31, 2024
(with comparative totals for 2023)

Note 1—Organization

National Assistance League® (Organization), founded in 1935, is a California nonprofit corporation dedicated to engaging and empowering volunteers to strengthen their communities. With 119 chapters in 26 states across the United States, the Organization supports its chapters in their community-based efforts in a variety of ways – providing access to education and training programs, professional and volunteer coaching/support; administrative, marketing, and technology support; and national partnership agreements.

The Organization continues to support the growth of volunteerism in Chapters with notable highlights for the 2023-2024 fiscal year:

During the 2023-2024 year, the Organization saw 1,275 attendees at 27 virtual Learning Circle events who completed over 400 modules in the NonprofitReady.org online portal.

Member Services provided chapters with access to live professional and volunteer coaching support on a variety of topics designed to address specific questions including, but not limited to:

- Board Development/Organizational Structure
- Membership
- Technology
- Strategic Planning
- Belonging and Inclusion
- E-commerce/Marketplace

During the 2023-2024 year, the Organization received and answered over 1,150 questions from 116 Chapters.

<u>Strategic Planning/Board Development/Organizational Structure</u>—National Assistance League continued forward progress on the next phase of its strategic planning work following up on its 2021-2024 plan to reimagine the organization with a plan that focuses on the specific strategies for the future operational structure and support of our Chapters. The organization engaged Association Laboratory, a firm which specializes in working with chapter/affiliate-based organizations, to design and lead a process that engaged Chapter leaders and individual volunteers to determine the key issues that face our organization. Work continues on the development of the plan, action strategies, and timeline which will be rolled out to Chapters in the Fall/Winter of 2024.

Also, in 2023-2024, the Organization initiated a federated membership program with BoardSource, the premier organization dedicated to supporting nonprofit boards and executives on board leadership and governance practices. This membership is available to all Chapter Board members within the Assistance League network.

<u>Technology Services and Support</u>—The Organization offers technology services and support to 92 Chapters through their use of a "multi-site" website housed within the Organization's website, www.AssistanceLeague.org. Additionally, participating Chapters may choose to utilize additional "plug-in" services – Event Manager, Volunteer Signups/Calendar, Volunteer Hours Tracking, and Donor Management – to assist with management of their Chapter activities. During the 2023-2024 year, the Organization responded to over 1,500 technology related help desk tickets and provided 6 weekly Virtual Help Desk opportunities to Chapters.

Additionally, during the 2023-2024 year, the Board of Directors of National Assistance League approved a $200,000 capital investment in a new volunteer management and learning platform. LeagueLink (powered by Digital Cheetah) is currently being implemented across the organization in phases. Complete implementation and further development of the platform will occur through 2026.

Note 1—Organization—*Continued*

Marketing Services and Support—The Organization offers marketing services and support to Chapters by managing an Awards Program that affords Chapters the opportunity to recognize member/community volunteers and outside supporters. Additionally, the Organization continues to provide design support for Chapter logos. During 2023-2024, the Organization began offering additional marketing and social media support for Chapters through a tiered service plan with its outsourced marketing partner.

The Organization continues to support ShopAssistanceLeague.com, an online e-commerce platform, by which participating Chapters can sell items donated to their Chapter, under the Assistance League brand, to a national audience. During the 2023-2024 year, using lessons learned from the e-commerce initiative, the Organization has decided to broaden its marketing scope to include the creation of a website that, in addition to the national e-commerce website, promotes all Chapter's thrift shops and their individual e-commerce initiatives, as well as a Celebrity Closet, and the newly created Assistance League Marketplace, the exclusive shop for purchasing Assistance League branded merchandise.

National Partnerships—The Organization offers Chapters Access to Nationally developed partnerships and resources to enhance the work they do in their communities, including:

- BoardSource (NEW in 2023-2024)—Bulk purchasing, gift-in-kind/cash fundraising platform
- RightGift—Bulk purchasing, gift-in-kind/cash fundraising platform
- Sterling Volunteers—Background checks
- Modern HR—Human resources consulting/professional employment organization
- GrantStation—Research tool for grants
- Target, JCPenny, Famous Footwear—Gift card purchasing
- Hyatt Hotels—Member Discount Program
- Affinity Merchandising (NEW in 2023-2024)—Assistance League Branded Merchandise
- Collidescope.io—Marketing, Social Media, Branding Support
- NonprofitReady.org—On-demand training and education

Support and Revenue—The Organization's support and revenue during the years ended May 31, 2024 and 2023, is primarily derived from per-capita membership dues and investment return. Contributed income is received from Assistance League members and local chapters donating to the Circle Fund which funds the support of all Chapters in our network.

Looking ahead, the Organization will continue to evolve its operating and business models, which will include the development of a new operating revenue model for 2025 forward. We will continue to foster a new approach and mindset that unifies our Organization and its 120 Chapters on the issues we all have in common, while continuing to allow for flexibility to meet needs of individual Chapters and communities.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization recognizes grants and contributions as revenue in the period received if a right of return and barrier does not exist. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Note 2—Summary of Significant Accounting Policies—*Continued*

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of membership services and conference activities, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate a return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at May 31, 2024 and 2023. Generally, the Organization's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—The Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value 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 net assets without donor restrictions. Interest and dividend income earned on investments is recognized when received and reported as interest and dividends under support and revenue in the statement of activities.

Property and Equipment—Property and equipment are stated at cost when purchased or estimated fair market value at the date of gift or bequest. The Organization depreciates its property and equipment using the straight-line-method over the following estimated useful lives.

Website and software………………………………………………..	3 to 5 years
Furniture and equipment…………………………………………...	3 to 10 years
Leasehold improvements……………………………………………	5 years

The Organization follows the practice of capitalizing all expenditures for property in excess of $1,000.

Note 2—Summary of Significant Accounting Policies—*Continued*

Deferred Membership Dues—Membership dues and conference fees collected prior to the fiscal year to which they apply are deferred and recognized over the period to which the dues and fees relate. Membership dues not yet paid at May 31, 2024 and 2023 are recorded as accounts receivable all due within one year.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

The Organization places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. Such cash balances are normally not in excess of FDIC insurance limits.

Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to $250,000 and the investments in securities are insured up to $500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances may exceed SIPC insurance limits during the normal course of business.

While the Organization is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, the Organization's management has assessed the credit risk associated with its cash deposits and investments at May 31, 2024 and 2023 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Grants and contributions receivable are due from a variety of organizations and individuals well known to the Organization, with favorable past payment histories. The Organization has determined that no allowance for potential losses due to uncollectible receivables was necessary at May 31, 2024 and 2023.

Recently Adopted Accounting Principles

Credit Losses—In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Credit Losses (Topic 326)*. This standard requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from scope that have the contractual right to receive cash. The Organization has adopted ASU No. 2016-13 on a retrospective basis for the year ended May 31, 2024 and noted that there was no material effect on the financial statements.

Gifts-in-Kind—In September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. Additional disclosures are required regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. The Organization has adopted ASU No. 2020-07 for the year ended May 31, 2023 on a retrospective basis, which resulted in no change to revenue previously reported and no effect on revenue reported for the year ended May 31, 2023.

Note 2—Summary of Significant Accounting Policies—*Continued*

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires lessees to recognize the assets and liabilities that arise from leases in the statement of financial position and is applicable to leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. Since the Organization currently has no leases with terms exceeding one year, the Organization has adopted ASU 2016–02 on a prospective basis as of the year ended May 31, 2023, which had no impact on the financial statement presentation.

Grants and contributions—All grants and contributions are available for unrestricted use unless specifically restricted by the grantor/donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are satisfied in the same reporting period are reported as net assets without donor restrictions.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue Recognition—The Organization's revenue recognition policies are as follows:

Membership dues—Membership dues are recognized as revenue during the period of membership.

Conference registration fees—Conference registration fees are recognized as revenue at the time of the conference.

Salesforce license fees—Salesforce license fees are recognized as revenue for the period of services.

Interest and dividends—Interest and dividend income earned on investments is recognized when received.

Donated Services—The Organization records the value of donated services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A significant portion of the Organization's program services, fundraising, and administrative functions are conducted by unpaid volunteers, whose services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards. During the years ended May 31, 2024 and 2023, these volunteers donated approximately 10,090 and 8,381 hours, respectively with an estimated value of $315,817 and $262,325. This value was computed using estimated hourly rates $31.30, based upon the average hourly earnings of nonagricultural workers for the twelve-month periods ended May 31, 2024 and 2023, respectively, as determined by the U.S. Department of Labor's Bureau of Labor Statistics, and includes 12% for estimated fringe benefits.

Note 2—Summary of Significant Accounting Policies—*Continued*

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, and benefits, professional services, occupancy, and depreciation are allocated on the basis of time studies. All other functional expenses are charged directly to programs or function benefitted.

Advertising and Promotion Expense—Advertising and promotion costs are expensed as incurred and amounted to $28,176 and $19,612 for the years ended May 31, 2024 and 2023.

Note 3—Availability and Liquidity

The Organization's goal is generally to maintain cash to meet two to three months of operating expenses (approximately $300,000-$400,000). As part of its liquidity plan, excess cash is invested in a diversified investment portfolio, including money market and other funds described in Note 4.

The following represents the availability and liquidity of the Organization's financial assets at May 31, 2024 and 2023, to cover operating expenses for the next fiscal year:

	2024 Reviewed	2023 Audited
Cash and cash equivalents	$ 290,460	$ 265,473
Accounts receivable	1,334	211
ERC grants receivable		153,329
Investments	3,250,477	2,884,355
Current Availability of Financial Assets	**$ 3,542,271**	**$ 3,303,368**

The Organization also has a $1,710,000 board-designated reserve fund available for appropriation and a $1,000,000 revolving line of credit, secured by investments, available to meet any unforeseen circumstances.

Note 4—ERC Grants

During the year ended May 31, 2023, the Organization was eligible and applied for employee retention credits (ERC) in the amount of $153,329. This is included in ERC grants in the statement of activities and in ERC grants receivable in the statement of financial position. ERC grants receivable amounted to $153,329 at May 31, 2023, which was received during the year ended May 31, 2024.

Note 5—Investments and Fair Value

In determining the fair value of investments, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Note 5—Investments and Fair Value—*Continued*

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Organization at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment.

The Organization may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value is the Net Asset Value (NAV) per share or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Organization had no investments classified at NAV as a practical expedient during the year ended May 31, 2024 and 2023.

Investments measured on a recurring basis at May 31, 2024 consist of the following:

	Fair Value	Level 1	Level 2	Level 3
Equity funds	$ 2,574,915	$ 2,574,915	$	$
Fixed income funds	2,078,962	2,078,962		
Real estate fund	206,650	206,650		
Commodities fund	99,950	99,950		
Totals	**$ 4,960,477**	**$ 4,960,477**	**$**	**$**

Investments measured on a recurring basis at **May 31, 2023** consist of the following:

	Fair Value	Level 1	Level 2	Level 3
Equity funds	$ 2,154,676	$ 2,154,676	$	$
Fixed income funds	1,985,815	1,985,815		
Real estate fund	277,204	277,204		
Commodities fund	186,370	186,370		
Totals	**$ 4,604,065**	**$ 4,604,065**	**$**	**$**

Investment activity for the years ended May 31, 2024 and 2023, consists of the following:

	2024 Reviewed	2023 Audited
Realized gain (loss)	$ 45,685	$ (22,357)
Unrealized gain (loss)	378,774	(262,530)
Investment management fees	(49,061)	(46,967)
Investment Return, Net	**375,398**	**(331,854)**
Interest and dividends	211,892	190,464
Total Investment Return	**$ 587,290**	**$ (141,390)**

Note 6—Property and Equipment, Net

Net property and equipment at May 31, 2024 and 2023, consists of the following:

	2024 Reviewed	2023 Audited
Furniture, fixtures, and equipment	$ 117,180	$ 32,280
Software fees	134,500	134,500
Gross	**251,680**	**166,780**
Less accumulated depreciation and amortization	(63,513)	(41,293)
Property and Equipment, Net	**$ 188,167**	**$ 125,487**

Total depreciation and amortization expense recorded for the years ended May 31, 2024 and 2023 amounted to $22,220 and $28,343, respectively.

During the year ended May 31, 2023, the Organization disposed of property and equipment no longer in use totaling $254,305, which resulted in a loss on disposal in the amount of $5,110.

Note 7—Leases

In May 2023, the Organization entered into a five-year an operating lease for office space expiring in May 2028. The move in date and lease has been postponed until 2025, therefore no right-of-use asset or operating lease liability have been recorded. Future minimum lease payments under this lease are as follows:

Year Ending May 31,	
2025	$ 44,220
2026	45,989
2027	47,828
2028	49,741
Thereafter	51,731
Total	**$ 239,510**

Note 8—Net Assets without Donor Restrictions

Net assets without donor restrictions at May 31, 2024 and 2023, consist of the following:

	2024 Reviewed	2023 Audited
Undesignated	$ 3,457,022	$ 3,110,968
Board-designated		
Designated for future operating reserves	1,560,000	1,560,000
Designated for future capital needs	150,000	150,000
Total Board-Designated	**1,710,000**	**1,710,000**
Total Net Assets without Donor Restrictions	**$ 5,167,022**	**$ 4,820,968**

Note 9—Net Assets with Donor Restrictions

Net assets with donor restrictions at May 31, 2023 consist of an underwater endowment described in Note 10, totaling $9,710. There were no net assets with donor restrictions at May 31, 2024. The donor restricted endowment was related in full during the year ended May 31, 2024.

Note 10—Endowment Fund

The Organization's endowment consisted of $10,000 established to support the Executive Director's travel. The endowment comprises donor-restricted endowment funds only and, as of May 31, 2024 and 2023, there were no funds designated by the Board to function as endowments. As required by GAAP, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The funds were released in full during the year ended May 31, 2024.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of California as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Board is aware that there is an implicit understanding that the market value of the donor-restricted endowment may, from time to time, fall below the fair value of the original gift as of the gift date due to market conditions or continued prudent expenditures by the Board of certain amounts of the endowment. The Board is aware of its temporary deficit in its endowment net assets, and is actively taking steps to rectify this situation.

The Organization classifies the following as net assets with donor restrictions that are perpetual in nature:

(a) The original value of gifts donated to the permanent endowment,
(b) The original value of subsequent gifts to the permanent endowment, and
(c) The 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 donor-restricted endowment funds that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are purpose-restricted, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

<u>Return Objectives and Risk Parameters</u>—It is the purpose of the Organization's endowment fund to secure the future of the Organization and to support its programs and operations as designated by the Board.

The primary long-term financial objective is to preserve and enhance the real (i.e., inflation-adjusted) purchasing power of the endowment through a prudent long-term investment strategy. This objective should be achieved over rolling three-, five-, and ten-year periods on a total return basis. An additional objective is to provide a relatively predictable, stable, and (in real terms) constant stream of current income for the Organization's annual operating needs.

Note 10—Endowment Fund—*Continued*

Strategies Employed for Achieving Objectives—The Organization manages its endowment on a total rate of return basis consisting of dividends, interest, and any net increase / decrease in market value of securities for the fiscal year, not favoring returns from one source over another.

The Organization has determined that marketable debt and equity securities traded in the United States are appropriate investments consistent with its return objectives and risk parameters. Cash invested in money market accounts is also an acceptable investment within these guidelines. The investment portfolio is to be sufficiently balanced so that no single security or class of securities will have a disproportionate impact on the risk of the total portfolio.

Spending Policy and How the Investment Objectives Relate to Spending Policy—The Organization has a policy governing the amount of endowment earnings that can be released annually for spending, consistent with the restrictions, if any, placed on the endowment by donors. The spending policy authorizes an annual distribution equal to 5% of the average market value of the portfolios as of the preceding 20 calendar quarters, subject to the requirement that the portfolios increase by an inflation factor annually.

Changes in endowment net assets for the years ended May 31, 2024 and 2023 and are as follows:

	Subject to Appropriation	Held in Perpetuity	Total
Endowment Net Assets at May 31, 2022	$	$ 10,000	$ 10,000
Interest and dividends	388		388
Investment return, net	(678)		(678)
Total Investment Return on Endowment Funds	**(290)**		**(290)**
Endowment Net Assets (Deficit) at May 31, 2023	**(290)**	**10,000**	**9,710**
Released from restriction	290	(10,000)	(9,710)
Endowment Net Assets at May 31, 2024	$	$	$

Note 11—Subsequent Events

Management evaluated all activities of National Assistance League through October 3, 2024, which is the date the financial statements were available to be issued, and concluded that other than the renewal of the revolving line of credit described in Note 3, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.