



Financial Statements
May 31, 2016 and 2015

**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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Phoenix, Arizona
September 01, 2016

www.eidebailly.com

Assistance League® of Phoenix, Arizona
 Statements of Financial Position
 May 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 736,758	\$ 715,039
Investments	766,802	780,965
Promises to give receivable	149,414	202,425
Prepaid expenses	8,580	6,960
Inventory	293,663	287,774
Property and equipment, net	1,621,445	1,655,496
Total assets	\$ 3,576,662	\$ 3,648,659
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ -	\$ 17,467
Deferred revenue	14,000	12,885
Total liabilities	14,000	30,352
Net Assets		
Unrestricted	3,534,639	3,603,307
Temporarily restricted	28,023	15,000
Total net assets	3,562,662	3,618,307
Total liabilities and net assets	\$ 3,576,662	\$ 3,648,659

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Fundraising			
Thrift Shop Revenue			
Contributions of merchandise	\$ 340,872	\$ -	\$ 340,872
Sales of donated merchandise	307,609	-	307,609
Less value of merchandise sold	(307,609)	-	(307,609)
Net sales revenue from Thrift Shop	<u>340,872</u>	<u>-</u>	<u>340,872</u>
Less thrift shop expenses	(133,423)	-	(133,423)
Net revenue from Thrift Shop	<u>207,449</u>	<u>-</u>	<u>207,449</u>
Special event revenue	298,037	-	298,037
Less costs of direct donor benefits	(73,666)	-	(73,666)
Net revenue from special events	<u>224,371</u>	<u>-</u>	<u>224,371</u>
Other special fundraising	16,452	-	16,452
Contributions	118,866	-	118,866
Grants	299,902	50,000	349,902
Insurance proceeds	-	-	-
Investment income (loss)	(12,841)	-	(12,841)
Membership	15,450	-	15,450
Memorials	2,926	-	2,926
Net assets released from restrictions	<u>36,977</u>	<u>(36,977)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>909,552</u>	<u>13,023</u>	<u>922,575</u>
Expenses			
Program expenses			
Operation School Bell®	791,509	-	791,509
HUGS	25,400	-	25,400
Books, Book Gifts and Symphony	18,326	-	18,326
Wee Help	13,228	-	13,228
Total program expenses	<u>848,463</u>	<u>-</u>	<u>848,463</u>
Supporting expenses			
Fundraising expenses			
Special event	27,848	-	27,848
Other	5,776	-	5,776
Total fundraising expenses	<u>33,624</u>	<u>-</u>	<u>33,624</u>
Membership development	14,685	-	14,685
Management and general	81,448	-	81,448
Total supporting expenses	<u>129,757</u>	<u>-</u>	<u>129,757</u>
Total Expenses	<u>978,220</u>	<u>-</u>	<u>978,220</u>
Change in Net Assets	(68,668)	13,023	(55,645)
Net Assets, Beginning of Year	<u>3,603,307</u>	<u>15,000</u>	<u>3,618,307</u>
Net Assets, End of Year	<u>\$ 3,534,639</u>	<u>\$ 28,023</u>	<u>\$ 3,562,662</u>

See Notes to Financial Statements

Assistance League® of Phoenix, Arizona
 Statements of Activities
 Years Ended May 31, 2016 and 2015

2015		
Unrestricted	Temporarily Restricted	Total
\$ 218,459	\$ -	\$ 218,459
227,710	-	227,710
(227,710)	-	(227,710)
<u>218,459</u>	<u>-</u>	<u>218,459</u>
(94,796)	-	(94,796)
<u>123,663</u>	<u>-</u>	<u>123,663</u>
198,272	-	198,272
(75,567)	-	(75,567)
<u>122,705</u>	<u>-</u>	<u>122,705</u>
13,628	-	13,628
44,235	-	44,235
499,072	25,000	524,072
57,042	-	57,042
28,054	-	28,054
18,050	-	18,050
2,455	-	2,455
113,145	(123,145)	(10,000)
<u>1,022,049</u>	<u>(98,145)</u>	<u>923,904</u>
674,018	-	674,018
43,957	-	43,957
12,718	-	12,718
13,364	-	13,364
<u>744,057</u>	<u>-</u>	<u>744,057</u>
18,177	-	18,177
5,117	-	5,117
<u>23,294</u>	<u>-</u>	<u>23,294</u>
18,050	-	18,050
60,264	-	60,264
<u>101,608</u>	<u>-</u>	<u>101,608</u>
<u>845,665</u>	<u>-</u>	<u>845,665</u>
176,384	(98,145)	78,239
<u>3,426,923</u>	<u>113,145</u>	<u>3,540,068</u>
<u>\$ 3,603,307</u>	<u>\$ 15,000</u>	<u>\$ 3,618,307</u>

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

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

Assistance League® of Phoenix, Arizona
 Statements of Functional Expenses
 Year Ended May 31, 2015

	2015												
	Program Services					Supporting Services							
	Operation School Bell@	Books, Book Gifts and Symphony	Wee Help	Total Program Services	Fundraising			Membership Develop- ment	Manage- ment and General	Total Supporting Services	Total Expenses		
HUGS	Special Event	Other	Total Fundraising	Thrift Shop	-	-	-	-	-	-	-		
Direct costs	\$ 426,848	\$ 31,646	\$ 9,026	\$ 9,672	\$ 477,192	\$ 75,567	\$ -	\$ 75,567	\$ -	\$ -	\$ -	\$ 75,567	\$ 552,759
Bank charges	1,286	85	26	26	1,423	3,304	52	3,356	2,902	-	422	6,680	8,103
Dues and subscriptions	135	9	3	3	150	5	5	10	-	-	40	50	200
Computer expense	4,261	283	85	85	4,714	157	157	314	-	-	1,257	1,571	6,285
Copier expense	1,428	95	28	28	1,579	52	53	105	-	-	421	526	2,105
National conference	854	57	17	17	945	31	32	63	-	-	250	313	1,258
Education	665	44	13	13	735	24	25	49	-	-	196	245	980
Facilities expense	29,335	1,947	584	584	32,450	-	-	-	42,671	-	10,816	53,487	85,937
Miscellaneous	-	-	-	-	-	-	-	-	3,426	-	-	3,426	3,426
Office expense	4,200	280	83	83	4,646	155	155	310	3,144	-	1,238	4,692	9,338
Professional services	32,943	2,186	656	656	36,441	11,353	-	11,353	-	-	12,147	23,500	59,941
Marketing and public relations	3,463	230	69	69	3,831	127	128	255	-	-	1,022	1,277	5,108
Resource development	-	-	-	-	-	-	1,541	1,541	-	-	-	1,541	1,541
Salaries and benefits	129,848	5,344	1,603	1,603	138,398	2,969	2,969	5,938	14,717	2,717	21,035	44,407	182,805
Bus expense	5,824	-	-	-	5,824	-	-	-	-	-	-	-	5,824
Truck expense	-	-	-	-	-	-	-	-	1,646	-	-	1,646	1,646
National dues	-	-	-	-	-	-	-	-	-	7,318	-	7,318	7,318
Room rental expense	-	-	-	-	-	-	-	-	-	-	1,230	1,230	1,230
Members' expense	-	-	-	-	-	-	-	-	-	8,015	-	8,015	8,015
Orientation	-	-	-	-	-	-	-	-	-	-	464	464	464
Subtotal	641,090	42,206	12,193	12,839	708,328	93,744	5,117	98,861	68,506	18,050	50,538	235,955	944,283
Depreciation	32,928	1,751	525	525	35,729	-	-	-	26,290	-	9,726	36,016	71,745
Total Expenses	674,018	43,957	12,718	13,364	744,057	93,744	5,117	98,861	94,796	18,050	60,264	271,971	1,016,028
Less expenses included with revenues on statement of activities	-	-	-	-	-	(75,567)	-	(75,567)	(94,796)	-	-	(170,363)	(170,363)
Total expenses included in expense section on statement of activities	\$ 674,018	\$ 43,957	\$ 12,718	\$ 13,364	\$ 744,057	\$ 18,177	\$ 5,117	\$ 23,294	\$ -	\$ 18,050	\$ 60,264	\$ 101,608	\$ 845,665

Assistance League® of Phoenix, Arizona
 Statements of Cash Flows
 Years Ended May 31, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ (55,645)	\$ 78,239
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	69,438	71,745
Unrealized gain on investments	38,626	7,048
Changes in assets and liabilities		
Promises to give receivable	53,011	(4,273)
Prepaid expenses	(1,620)	2,227
Inventory	(5,889)	(5,193)
Accounts payable	(17,467)	11,013
Deferred revenue	1,115	(3,230)
	81,569	157,576
Net cash from operating activities		
Investing Activities		
Purchase of investments	(66,771)	(287,815)
Sale of investments	42,308	299,748
Gain from sale of equipment	1,200	1,000
Purchase of equipment	(36,587)	(150,448)
	(59,850)	(137,515)
Net cash used for investing activities		
Net Change in Cash and Cash Equivalents	21,719	20,061
Cash and Cash Equivalents, Beginning of Year	715,039	694,978
Cash and Cash Equivalents, End of Year	\$ 736,758	\$ 715,039

Note 1 - Nature of Operations and Significant Accounting Policies

Assistance League® of Phoenix, Arizona (the Chapter) is an Arizona nonprofit corporation formed in March, 1961. The Chapter is a chartered chapter of National Assistance League®. The Chapter is primarily a volunteer organization whose mission is to improve lives through philanthropic programs that fulfill basic needs, foster self-esteem and enhance quality of life. The Chapter's support and revenue come primarily from contributions and other fundraising efforts including special events and operation of a thrift shop.

The Chapter provides the following programs:

- OPERATION SCHOOL BELL® – fosters self-esteem and self-confidence in children resulting in a more successful educational experience. This program provides basic clothing needs for children by outfitting them with a complete school wardrobe. For many children these are the first new school clothes they have ever owned.
- HUGS – works with local hospitals, Phoenix Police and Fire departments, and other agencies to put smiles on the faces of traumatized children when they are comforted by an ALP Teddy Bear stitched with love from Chapter members.
- BOOKS, BOOK GIFTS AND SYMPHONY – promotes student and family literacy by augmenting the educational resources of Title I elementary schools. Thousands of books and dictionaries reach the hands of children through these gifts. For some, this is the first book they have owned. During the year ended May 31, 2014, this program was titled LEARN. The LEARN program was terminated during the year ended May 31, 2015 and broken out into three separate programs: books, book gifts and symphony.
- WEE HELP – distributes layette gift bags for infants of new parents in need, with the basics for their baby, including blankets, clothing, and other essential supplies.

Concentrations of Credit Risk

Financial instruments that potentially expose the Chapter to concentrations of credit and market risk consist primarily of cash and cash equivalents. The Chapter maintains cash balances at one financial institution located in the metropolitan Phoenix, Arizona area. The Chapter has deposits at one financial institution that were in excess of the insurance limits of the Federal Deposit Insurance Corporation, the Securities Investors Protection Corporation, and private insurance provided by the financial institution. This position has been disclosed to the Chapter's governing board.

Cash and Cash Equivalents

Cash includes cash held in checking, savings, and money market accounts at May 31, 2016 and 2015. For purposes of the statement of cash flows, the Chapter considers all highly-liquid investments with initial maturities of three months or less to be cash equivalents. Cash includes amounts which are subject to donor-imposed restrictions. There were no other restrictions on cash at May 31, 2016 or 2015. There is no external requirement that the Chapter maintain separate bank accounts and therefore all Chapter funds may be co-mingled.

Investments

Investments in marketable securities with readily determined fair values are presented in the financial statements at fair value. Income from investments consists of interest and dividends. Gains on investments include both realized and unrealized gains and losses in investments.

Promises to Give Receivable

Unconditional promises to give are recorded in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. As of May 31, 2016 and 2015, the Chapter had \$149,414 and \$202,425, respectively, in grants receivable related to promises to give. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventory

The Chapter maintains an inventory of new clothing and shoes for use in its Operation School Bell® program, books for use in its Learn program, teddy bears for use in its Hugs program, and layettes for infants' use in its Wee Help program. All of these inventories are stated at the lower of cost or market determined by the weighted-average cost method. The Chapter also maintains an inventory of used clothing and household items, donated by Chapter members and others for resale by a thrift shop operated by the Chapter which is stated at its estimated fair value.

Property and Equipment

Property and equipment are stated at cost, or if donated, at the fair market value at the date of the gift, and net of accumulated depreciation. The Chapter's policy is to capitalize non-liquid assets with a useful life of more than one year. The Chapter depreciates its property and equipment over the estimated useful lives of the assets using the straight-line method, which are ten to 40 years for buildings and improvements, five to ten years for furniture and equipment. There are no restrictions on how these non-liquid assets can be used by the Chapter.

Maintenance and repairs are charged to expense, and renovations and improvements are capitalized. When depreciable property is retired or disposed of, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in the changes in net assets.

Deferred Revenue

Membership dues collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the dues relate.

Net Assets

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

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

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

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

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Chapter's actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements.

Contributions

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

Donated Materials and Services

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations. Donated materials of \$307,609 and \$227,710 during the years ended May 31, 2016 and 2015, 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, 2016, these volunteers donated approximately 32,500 hours with an estimated value of \$763,750. This value was computed using an estimated hourly rate of \$23.50, based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2016, as determined by the U.S. Department of Labor's Bureau for Labor Statistics, plus 12% for estimated fringe benefits.

Income Taxes

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

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

Functional Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Chapter has evaluated subsequent events through September 01, 2016, 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:

	2016	2015
Cash on hand	\$ 813	\$ 738
Checking account, Wells Fargo	451,679	-
Checking account, Chase Bank	-	191,844
Savings account, Chase Bank	-	137,742
Payroll account, Chase Bank	-	1,000
Brokerage account, Chase Bank	-	100,634
CD, Bankers Trust	232,889	232,299
Money market account with Tushaus Wealth Management	51,377	50,782
 Total cash and cash equivalents	 \$ 736,758	 \$ 715,039

Note 3 - Investments

Investments consisted of the following at May 31:

	2016	2015
Mutual funds	\$ 476,591	\$ 491,925
Fixed income	290,211	289,040
	\$ 766,802	\$ 780,965

Note 4 - Fair Value Measurements and Disclosures

In determining fair value, the Chapter uses various valuation approaches. Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) 820-10 establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

The statement establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 – Valuations based on the quoted prices in active markets for identical assets or liabilities that the Chapter has the ability to access.

Level 2 – Valuations based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Assistance League® of Phoenix, Arizona

Notes to Financial Statements

May 31, 2016 and 2015

The following are the major categories of assets measured at fair value on a recurring basis, using unadjusted quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>May 31, 2016</u>				
Mutual Funds				
Real estate	\$ 18,389	\$ -	\$ -	\$ 18,389
Large value	74,525	-	-	74,525
Large growth	35,115	-	-	35,115
Small cap value	34,175	-	-	34,175
Small cap growth	23,559	-	-	23,559
Large cap blend	-	-	-	-
Balanced equity	208,789	-	-	208,789
Non-US developing	32,401	-	-	32,401
Other	49,638	-	-	49,638
Fixed Income				
Short term	102,576	-	-	102,576
Inflation-protected bonds	89,621	-	-	89,621
Intermediate term	98,014	-	-	98,014
	<u>\$ 766,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,802</u>

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>May 31, 2015</u>				
Mutual Funds				
Real estate	\$ 17,684	\$ -	\$ -	\$ 17,684
Large value	76,644	-	-	76,644
Large growth	34,845	-	-	34,845
Small cap value	34,580	-	-	34,580
Small cap growth	23,762	-	-	23,762
Large cap blend	53,201	-	-	53,201
Balanced equity	160,700	-	-	160,700
Non-US developing	36,985	-	-	36,985
Other	53,524	-	-	53,524
Fixed Income				
Short term	100,435	-	-	100,435
Inflation-protected bonds	89,633	-	-	89,633
Intermediate term	98,972	-	-	98,972
	<u>\$ 780,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780,965</u>

Note 5 - Inventory

Inventory consisted of the following at May 31:

	2016	2015
New clothing and shoes for use in the Operation School Bell® program	\$ 158,287	\$ 187,490
Stuffed bears for use in the HUGS program	8,386	7,987
Infant care items for use in the Wee Help program	709	1,117
Books for use in the Learn program	2,446	608
Used clothing and household items held for sale at the Thrift Shop	123,835	90,572
Total inventory	\$ 293,663	\$ 287,774

Note 6 - Property and Equipment

Property and equipment are summarized below:

	2016	2015
Land - 7044 Building	\$ 391,258	\$ 391,258
Land - Philanthropic Center	175,000	175,000
Land Improvements - 7044 Building	32,363	32,363
Improvements - 7044 Building	233,878	226,861
Building - 7044 Building	479,377	479,377
Building - Philanthropic Center	298,392	298,392
Improvements - Philanthropic Center	762,425	751,233
Furniture and Equipment - 7044 Building	83,441	81,691
Furniture and Equipment - Philanthropic Center	126,596	111,969
Operation School Bell Bus	65,490	65,490
	2,648,220	2,613,634
Less accumulated depreciation	(1,026,775)	(958,138)
Net property and equipment	\$ 1,621,445	\$ 1,655,496

During the year ended May 31, 2015, the Chapter's thrift store (7044 Building) experienced severe water damage, resulting in a major renovation of its interior space. Such renovations, amounting to \$131,664, were capitalized. Fully depreciated improvements that were damaged amounted to \$30,000, and were removed from the accounts. In connection with the water damage, the Chapter received \$57,042 in insurance proceeds, which was included in other income in the Statement of Activities.

Depreciation and amortization expense charged to operations was \$69,439 and \$71,745 for the years ended May 31, 2016 and 2015, respectively.

Note 7 - Net Assets

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

	2016	2015
Unrestricted net assets:		
Board designated for future operating needs	\$ 1,230,000	\$ 1,100,000
Undesignated	2,304,639	2,503,307
Total unrestricted net assets	\$ 3,534,639	\$ 3,603,307

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

	2016	2015
Temporarily restricted net assets:		
Grant for marketing	\$ 23,023	\$ -
Grant for strategic planning	5,000	15,000
	\$ 28,023	\$ 15,000

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

	2016	2015
Expenses incurred for purpose specified by donors	\$ 36,977	\$ 123,145

Note 8 - Related Party Transactions

National Franchise Fee

The Chapter pays dues to National Assistance League® based on the number of members in the Chapter. For the years ended 2016 and 2015, the total paid was \$6,623 and \$7,318, respectively.

Note 9 - Special Event

The Chapter has a major fundraising event to help fund current operations. The revenue and related expenses from this event for the years ended May 31, 2016 and 2015 are as follows:

Event	Revenue	Cost of Direct Donor Benefits	Other Event Costs	Net Revenues
2016:				
Celebration of Caring	\$ 298,037	\$ 73,666	\$ 27,848	\$ 196,523
2015:				
Celebration of Caring	\$ 198,272	\$ 75,567	\$ 18,177	\$ 104,528

Note 10 - Grants

During the year ended May 31, 2015, the Chapter received a grant totaling \$25,000 to undertake a comprehensive assessment of the Chapter for the purpose of creating a long range strategic plan. During that fiscal year, the Chapter has expended \$10,000 of such funds. During the year ended May 31, 2016, the Chapter received an additional grant for \$50,000 for marketing, information technology, and strategic planning expenses. During fiscal 2016, the Chapter expended \$7,500 from the 2015 grant and \$29,477 from the 2016 grant. The remaining funds will be expended over the next fiscal year.