

ASSISTANCE LEAGUE OF LOS ALTOS
(A California Non-profit Public Benefit Corporation)

FINANCIAL STATEMENTS
AND
INDEPENDENT REVIEWER'S REPORT

May 31, 2012
(with comparative totals for 2011)

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Boman Accounting Group, Inc.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Assistance League of Los Altos
(A California Non-profit Public Benefit Corporation)
Los Altos, California

We have reviewed the accompanying statement of financial position of the Assistance League of Los Altos (a California nonprofit public benefit corporation) as of May 31, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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. The prior year summarized comparative information has been derived from Assistance League of Los Altos' financial statements and was reviewed by other accountants whose report dated September 27, 2011, stated that, based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America, with the exception of the matter described in the following paragraph.

Accounting principles generally accepted in the United States of America require that the value of contributed rent be included in the financial statements. The Organization has been unable to determine the value of rent received as a contribution, and the accompanying financial statements do not include this contribution and the related rent expense. As a result of this departure, both contributions and rent expense are understated by the value of the contribution.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

As disclosed in Note G to the financial statements, Accounting principles generally accepted in the United States of America require that the value of contributed rent be included in the financial statements. The Organization has been unable to determine the value of rent received as a contribution, and the accompanying financial statements do not include this contribution and the related rent expense. As a result of this departure, both contributions and rent expense are under-stated by the value of the contributed rent received.

Boman Accounting Group, Inc.
Campbell, CA
March 4, 2013

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION

May 31, 2012
(with Comparative Totals as of May 31, 2011)

	<u>2012</u> Total	<u>2011</u> Total
ASSETS		
Cash and equivalents (Note B)	\$ 168,589	\$ 242,450
Certificates of deposit (Note C)	1,090,461	1,008,113
Inventory (Note A10)	14,428	14,428
Prepaid expenses	8,486	10,280
Property and equipment, net (Note D)	<u>972,570</u>	<u>1,092,978</u>
TOTAL ASSETS	\$ <u>2,254,534</u>	\$ <u>2,368,249</u>
 LIABILITIES		
Sales tax payable	\$ 711	\$ 1,028
Deferred dues revenue (Note A12)	<u>2,870</u>	<u>1,725</u>
TOTAL LIABILITIES	<u>3,581</u>	<u>2,753</u>
 NET ASSETS (Note E)		
Unrestricted	1,384,174	1,449,536
Temporarily restricted	866,779	915,960
Permanently restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>2,250,953</u>	<u>2,365,496</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,254,534</u>	\$ <u>2,368,249</u>

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2012
(with Comparative Totals for the Year Ended May 31, 2011)

	Year Ended May 31, 2012			2011 Total
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUES				
Fundraising:				
Costume Bank Revenue:				
Rentals	\$ 82,337	\$	\$ 82,337	\$ 75,188
Sales	24,782		24,782	22,200
Other	5,364		5,364	0
Less: Cost of merchandise sold	(13,319)		(13,319)	(15,057)
Net revenue from special events	99,164		99,164	82,331
Program service revenue: H.O.M.E.	370,563		370,563	414,985
Donations	17,646		17,646	34,733
Assisteens programs	3,601		3,601	2,120
Membership	3,050		3,050	4,780
Investment income (Note C)	22,288		22,288	18,315
Net assets released from restriction (Note F)	49,181	(49,181)	-	-
TOTAL SUPPORT AND REVENUES	565,493	(49,181)	516,312	557,264
EXPENSES				
Program Services				
H.O.M.E	531,865		531,865	568,592
Operation School Bell @	2,885		2,885	2,808
Assisteens and other programs	45,777		45,777	60,791
Total program service expenses	580,527		580,527	632,191
Supporting Services				
Fundraising - costume Bank	39,233		39,233	47,613
Management and general	5,574		5,574	3,025
Membership development	5,521		5,521	2,246
Total supporting services expenses	50,328		50,328	52,884
TOTAL EXPENSES	630,855	-	630,855	685,075
CHANGE IN NET ASSETS	(65,362)	(49,181)	(114,543)	(127,811)
NET ASSETS AT BEGINNING OF YEAR	1,449,536	915,960	2,365,496	2,493,307
NET ASSETS AT END OF YEAR	\$ 1,384,174	\$ 866,779	\$ 2,250,953	\$ 2,365,496

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS

For the year ended May 31, 2012
(with Comparative Totals for the Year Ended May 31, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (114,543)	\$ (127,811)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation and amortization	169,589	181,458
Unrealized loss on investment	2,652	-
(Increase) decrease in operating assets:		
Inventory	-	(1,635)
Prepaid expenses	1,794	4,025
Increase (decrease) in operating liabilities:		
Sales tax payable	(317)	(254)
Deferred revenue	1,145	(1,355)
	60,320	54,428
NET CASH PROVIDED BY OPERATING ACTIVITIES		
 CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in investments	(85,000)	86,307
Purchase of capital assets	(49,181)	(4,562)
	(134,181)	81,745
NET CASH USED BY INVESTING ACTIVITIES		
	(73,861)	136,173
NET CHANGE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	242,450	106,277
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 168,589	\$ 242,450

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2012
(with Comparative Totals for the Year Ended May 31, 2011)

	Program Services				Supporting Services				2012 Total Expenses	2011 Total Expenses
	H.O.M.E. Apartments	Operation School Bell	Assistees and Other	Total Program	Costume Bank	Management & General	Membership Development	Total Supporting		
Labor costs	\$ 112,373			\$ 112,373	\$ 15,306			\$ 15,306	\$ 127,679	\$ 101,831
Program supplies	22,319	2,885	20,386	45,590	394			394	45,984	24,366
Postage and printing	120		1,106	1,226				-	1,226	983
Professional fees	25,712		90	25,802		3,500		3,500	29,302	28,596
Advertising			4,850	4,850	1,374			1,374	6,224	8,853
NAL dues and fees				-			2,150	2,150	2,150	2,165
NAL convention/meetings				-			2,700	2,700	2,700	5,939
Office supplies			708	708	1,316			1,316	2,024	22,845
Material				-	13,319			13,319	13,319	15,057
Bank charges			75	75	3,699			3,699	3,774	3,337
Taxes and license			2,515	2,515	75			75	2,590	3,706
Membership				-			548	548	548	102
Donations				-				-	-	845
Hospitality	2,036		199	2,235	200		123	323	2,558	2,190
Engraving	31		16	47				-	47	-
Other			180	180	181			181	361	-
Occupancy										
Utilities	91,978		2,007	93,985	2,006			2,006	95,991	110,290
Repairs and maintenance	37,221		5,063	42,284	3,713			3,713	45,997	62,077
Insurance	20,604		4,085	24,689	662	2,074		2,736	27,425	50,242
Equipment rental	1,152			1,152				-	1,152	1,152
Cleaning and maintenance	50,076			50,076	4,082			4,082	54,158	66,477
Gardening	5,165		1,599	6,764				-	6,764	5,613
Telephone	273		1,202	1,475	1,137			1,137	2,612	2,008
Depreciation	162,805		1,696	164,501	5,088			5,088	169,589	181,458
Total expenses	531,865	2,885	45,777	580,527	52,552	5,574	5,521	63,647	644,174	700,132
Less expenses included with revenue on statement of activities	-	-	-	-	13,319	-	-	13,319	13,319	15,057
TOTAL EXPENSES PER STATEMENT OF ACTIVITIES	\$ 531,865	\$ 2,885	\$ 45,777	\$ 580,527	\$ 39,233	\$ 5,574	\$ 5,521	\$ 50,328	\$ 630,855	\$ 685,075

See accompanying notes and accountant's review report

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Chapter's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

ASSISTANCE LEAGUE OF LOS ALTOS (the Chapter) is a California nonprofit public benefit corporation and is a chartered chapter of National Assistance League. The Chapter derives the majority of its revenues from costume rentals and sales along with donations from unaffiliated donations and grants received from unaffiliated groups. The Chapter provides the following philanthropic programs to the community:

H.O.M.E. (Housing of Medical Emergencies) – Provide low-cost housing for Stanford Hospital patients and their caregivers. This facility consists of fully furnished apartments adjacent to Stanford Hospital on the University's grounds. Various forms of entertainment and gifts are supplied during the year by the members along with Assisteens.

Operation School Bell Program – Provide necessary school supplies to students in need.

Foster Care Enrichment Program – Entertain and enrich the lives of foster care children in the area, providing birthday celebrations along with gifts, summer picnic, and a holiday party. Children exiting the foster program and going to college receive a laptop computer to help with studies.

Vintage Fashion Show – Priceless vintage fashions presented to the community as well as senior centers, residents of care facilities and rehabilitation centers.

Hug a Bear – Teddy bears are donated to cancer and trauma patients at Kaiser Hospital.

Holiday Adopt a Family Program – Provide holiday toys and gifts to local families in need (Assisteens Program).

2. Basis of Accounting

The financial statements of the Chapter have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

3. Basis of Presentation

The financial statement presentation follows the recommendations of the FASB *Accounting Standards Codification*, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-210, the Chapter is required to report information regarding its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are currently no permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Comparative Financial Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Chapter's financial statements for the year ended May 31, 2011, from which the summarized information was derived.

5. Use of Estimates

The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

6. Fair Value Measurements

The Chapter follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

For purpose of financial reporting, the Chapter has determined that the fair values of its financial instruments, which include cash equivalents and certificates of deposit, approximate the carrying values under Level 1 at May 31, 2012 and 2011 based on their short maturities and/or the terms available to the chapter in financial markets.

7. Cash and Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, the Chapter considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Certificates of Deposit (Investments)

The Chapter carries investments in Certificates of Deposits with various maturity terms. Investment income is reported as unrestricted revenue.

9. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the chapter to concentrations of credit and market risk consist primarily of cash, cash equivalents and certificates of deposit. Cash, cash equivalents and certificates of deposit are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At May 31, 2012, the Chapter's uninsured balances at these institutions total \$81,358. The Chapter has not experienced any losses on its cash, cash equivalents, or certificates of deposits.

10. Inventories

The Chapter maintains an inventory primarily comprised of costume accessories. Inventory is stated at the lower of cost or market and is determined by the first-in, first-out method. Inventory on hand at May 31, 2012 and 2011 was estimated to be \$ 14,428 and \$14,228, respectively.

11. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets generally as follows: Building and improvements, from 7 to 30 years; and furniture and equipment, from 3 to 10 years.

12. Deferred Dues Revenue

Membership dues and program service 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.

13. Advertising

The Chapter's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the year ended May 31, 2012 and May 31, 2011 was \$6,223 and \$8,685, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. 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 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.

15. Donated Services

A significant portion of the Chapter's functions and programs 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, 2012, these volunteers donated approximately 13,837 hours with an estimated value of \$303,584. This value was computed using an estimated hourly rate of \$21.94 based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2012 as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% estimated fringe benefits.

16. Allocation of Shared Functional Expenses

The costs of providing various 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 programs and supporting services benefited.

17. Income Taxes

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

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 the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Organization's federal returns for the years ended May 31, 2011, 2010, and 2009 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Organization's state returns for the years ended May 31, 2011, 2010, 2009 and 2008 could be subject to examination by state taxing authorities, generally for four years after they are filed.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2012 and May 31, 2011 consist of the following:

	2012	2011
Philanthropic Fund		
Smith Barney – Money Market Fund	74,344	74,230
Heritage Bank – Checking	20,753	34,237
Heritage Bank – Ecommerce	2,021	-
Subtotal	97,118	108,467
H.O.M.E. (Home of Medical Emergencies)		
Smith Barney – FMA cash fund	7,014	67,299
Bank of America checking account	60,241	57,794
Subtotal	67,255	125,093
Membership – American Century	-	4,653
Assisteens – Heritage Bank	3,807	3,986
Total cash in financial institutions	168,180	242,199
Cash on hand	409	251
Total Cash and Cash Equivalents	\$ 168,589	\$ 242,450

NOTE C – CERTIFICATES OF DEPOSIT

Investments are stated at fair value and consist of the following at May 31, 2012 and May 31, 2011:

	2012	2011
Philanthropic:		
Smith Barney – Certificate of Deposit	\$ 265,793	\$ 217,245
H.O.M.E. (Home of Medical Emergencies)		
Smith Barney – Certificate of Deposit	824,668	790,868
Total Investments	\$ 1,090,461	\$ 1,008,113

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE C – CERTIFICATES OF DEPOSIT – CONTINUED

Investment Income for May 31, 2012 and 2011 consisted of the following:

	2012	2011
Interest Income	\$ 24,940	\$ 18,315
Unrealized loss on Investment	(2,652)	-
Total Investment Income	<u>\$ 22,288</u>	<u>\$ 18,315</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and Equipment at May 31, 2012 and May 31, 2011 consist of the following:

	2012	2011
Land	\$ 55,096	\$ 55,096
Leasehold improvements	4,316,088	4,316,088
Building	23,600	23,600
Building improvements	124,330	75,149
Furniture and equipment	796,291	796,291
Total cost	<u>5,315,405</u>	<u>5,266,224</u>
Less accumulated depreciation	4,342,835	4,173,246
Total Property and Equipment	<u>972,570</u>	<u>\$1,092,978</u>

Depreciation expense for the years ended May 31, 2012 and May 31, 2011 totaled \$169,589 and \$181,458, respectively.

The H.O.M.E. Apartments were constructed in association with Leland Stanford Junior University on land owned by the University. In 1984, ALLA was given a 51 year leasehold interest in real estate provided they agreed to manage and maintain the property. This lease is renewable by mutual consent of both parties. In the event the leasehold is not renewed, the entire property reverts to the University.

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE E – NET ASSETS

At May 31, 2012 and May 31, 2011, net assets were comprised of the following:

	2012	2011
Unrestricted net assets:		
Designated by Board of Directors:		
Building and expansion	\$20,000	\$ 20,000
H.O.M.E.	485,400	485,400
Operation School Bell	3,500	3,500
Other	19,000	19,000
Costume Bank	42,200	42,200
Designated for future operating needs (as required by financial policy of National Assistance League)	499,800	-
Total Board-Designated Net Assets	1,069,900	570,100
Undesignated	314,274	879,436
Total Unrestricted Net Assets	1,384,174	1,449,536
Temporarily restricted net assets:		
Investment in H.O.M.E. apartments	866,779	915,960
Total temporarily restricted net assets	886,779	915,960
Total Net Assets	\$2,250,953	\$ 2,365,496

NOTE F – NET ASSETS RELEASED FROM RESTRICTION

Net Assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose as follows:

	2012	2011
Purpose Restriction:		
H.O.M.E.	\$ 49,181	\$ -
Total Net Assets Released from Restrictions	\$ 49,181	\$ -

ASSISTANCE LEAGUE OF LOS ALTOS
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE F – SUBSEQUENT EVENTS

Assistance League of Los Altos has evaluated events subsequent to May 31, 2012, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through March 4, 2013, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

NOTE G – DEPARTURE FROM GAAP

As explained in Note D, the Chapter's H.O.M.E. apartments were constructed on land owned by Stanford University which may be leased from the University for 51 years without payment of rent. This below market value leasehold interest is an asset that under generally accepted accounting principles in the United States of America (GAAP) should be reported at its discounted present value in the statement of financial position, with a corresponding deferred rent liability. Each year the lease is in effect, revenue should be recognized for the estimated fair value of the contributed rent, with an offsetting amount for rent expense. ALLA has not reported the asset, liability, revenue or expense related to its below market land lease and management is unable to estimate the impact of these departures from GAAP on the accompanying financial statements.