

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
AND
INDEPENDENT REVIEWER'S REPORT

May 31, 2013
(with comparative totals for 2012)

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Boman Accounting Group, Inc.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Assistance League of Los Gatos – Saratoga
(A California Nonprofit Public Benefit Corporation)
Los Gatos, California

We have reviewed the accompanying statement of financial position of the Assistance League of Los Gatos - Saratoga (a California nonprofit public benefit corporation) as of May 31, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended, with comparative totals for 2012. 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.

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 reviews, 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.

Campbell, CA
August 22, 2013

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A California Non-profit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION

May 31, 2013
(With Comparative Totals for 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents (Note B)	\$ 101,779	\$ 85,451
Inventory (Note D)	1,692	1,459
Investments (Note C)	55,506	55,459
Prepaid Expenses	<u>4,773</u>	<u>5,832</u>
TOTAL ASSETS	\$ <u><u>163,750</u></u>	\$ <u><u>148,201</u></u>
 LIABILITIES		
Accounts Payable	\$ -	\$ 239
Deferred Dues Revenue	<u>5,560</u>	<u>6,155</u>
TOTAL LIABILITIES	<u>5,560</u>	<u>6,394</u>
 NET ASSETS (Note E)		
Unrestricted	158,190	134,807
Temporarily restricted	<u>-</u>	<u>7,000</u>
TOTAL NET ASSETS	<u>158,190</u>	<u>141,807</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>163,750</u></u>	\$ <u><u>148,201</u></u>

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A California Non-profit Public Benefit Corporation)
STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2013
(With Comparative Totals for 2012)

	Year Ended May 31, 2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUES				
Special Events/Fundraising (Note G):				
Special Events Revenue	\$ 46,130	\$ 250	\$ 46,380	\$ 37,330
Less cost of direct benefit to attendee	(3,698)		(3,698)	(2,032)
Net revenue from special events	42,432	250	42,682	35,298
Program service income	10,608		10,608	10,149
Grants	3,000	17,812	20,812	19,200
Contributions	3,877	563	4,440	3,603
Noncash contributions (Note H)	56,906		56,906	19,071
Membership	7,656		7,656	7,017
Investment income (Note C)	47		47	49
Net assets released from restriction	25,625	(25,625)	-	-
TOTAL SUPPORT AND REVENUES	150,151	(7,000)	143,151	94,387
EXPENSES				
Program Services				
Operation School Bell ®				
Clothes for Kids	12,699		12,699	12,723
Literacy programs	54,852		54,852	17,047
Scholarships	12,020		12,020	14,969
Exercise & nutrition	-		-	2,673
Family programs	24,519		24,519	23,699
Senior programs	13,334		13,334	13,742
Teen philanthropic programs	283		283	939
Total program service expenses	117,707		117,707	85,792
Supporting Services				
Management and general	2,315		2,315	2,758
Membership development	5,616		5,616	5,345
Special events (Note G)	1,130		1,130	1,726
Total supporting services expenses	9,061		9,061	9,828
TOTAL EXPENSES	126,768	-	126,768	95,620
CHANGE IN NET ASSETS	23,383	(7,000)	16,383	(1,233)
NET ASSETS AT BEGINNING OF YEAR	134,807	7,000	141,807	143,040
NET ASSETS AT END OF YEAR	\$ 158,190	\$ -	\$ 158,190	\$ 141,807

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A California Non-profit Public Benefit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2013
(With Comparative Totals for 2012)

	Program Services							Supporting Services					2013 Total Expenses	2012 Total Expenses
	Operation School Bell®							Management and General	Membership Development	Special Events	Total Support Services			
	Clothes for Kids	Literacy Programs	Scholar- ships	Family Programs	Senior Programs	Teen Philanthropic Programs	Total Program Services							
Accounting	\$ 609	\$ 760	\$ 576	\$ 322	\$ 634	\$ 14	\$ 2,915	\$ 111	\$ -	\$ 54	\$ 165	\$ 3,080	\$ 2,865	
Public Relations	259	324	246	137	270	6	1,242	47	-	23	70	1,312	934	
Food & entertainment	-	-	-	-	-	-	-	-	-	4,090	4,090	4,090	2,251	
Education	602	600	600	381	200	-	2,383	1,116	-	-	1,116	3,499	3,925	
Leadership	-	-	-	-	-	-	-	-	-	-	-	-	6,300	
Hospitality	-	-	-	-	-	-	-	-	324	-	324	324	310	
Insurance	142	177	134	75	148	3	679	26	-	13	39	718	694	
Mailing Fundraiser	-	-	-	-	-	-	-	-	-	605	605	605	-	
Member development	-	-	-	-	-	-	-	-	849	-	849	849	600	
Miscellaneous	-	-	-	-	-	-	-	82	-	-	82	82	360	
NAL convention/meetings	-	-	-	-	-	-	-	248	-	-	248	248	271	
NAL dues/fees and donations	-	-	-	-	-	-	-	200	4,443	-	4,643	4,643	4,490	
Office supplies	-	-	-	-	-	-	-	231	-	-	231	231	331	
Postage	39	49	37	21	41	1	188	76	-	3	79	267	407	
Printing	-	-	-	-	-	-	-	96	-	-	96	96	1,190	
Program expenses	10,597	52,379	10,000	23,344	11,570	249	108,139	-	-	-	-	108,139	70,888	
Rent	356	444	337	188	371	8	1,704	65	-	32	97	1,801	1,420	
Utilities	95	119	90	51	100	2	457	17	-	8	25	482	416	
Total expenses	12,699	54,852	12,020	24,519	13,334	283	117,707	2,315	5,616	4,828	12,759	130,466	97,652	
Less expenses included with revenue on statement of activities	-	-	-	-	-	-	-	-	-	3,698	3,698	3,698	2,032	
TOTAL EXPENSES PER STATEMENT OF ACTIVITIES	\$ 12,699	\$ 54,852	\$ 12,020	\$ 24,519	\$ 13,334	\$ 283	\$ 117,707	\$ 2,315	\$ 5,616	\$ 1,130	\$ 9,061	\$ 126,768	\$ 95,620	

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A California Non-profit Public Benefit Corporation)
STATEMENT OF CASH FLOWS

For the year ended May 31, 2013
(With Comparative Totals for 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 16,383	\$ (1,233)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	-	1,734
Inventory	(233)	581
Prepaid expenses	1,059	(15)
Increase (decrease) in operating liabilities:		
Accounts payable	(239)	(259)
Deferred revenue	(595)	225
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,375	1,033
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(47)	(49)
NET CASH USED BY INVESTING ACTIVITIES	(47)	(49)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	16,328	984
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	85,451	84,467
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 101,779	\$ 85,451

See accompanying notes and accountant's review report

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

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 Gatos – Saratoga (the Chapter) is a California nonprofit public benefit corporation and is a chartered chapter of National Assistance League. The accompanying financial statements include the activities of Assistance League of Los Gatos – Saratoga and its auxiliary - Assisteens[®]. The Chapter provides the following philanthropic programs to the community:

Operation School Bell – This is a three part outreach program geared to elementary school children in Los Gatos, Campbell Union, Moreland and Luther Burbank School Districts.

Literacy – To encourage a love of reading in students, volunteers visit elementary school classrooms once a month to read aloud and then donate new books to the class library. The program provides quality new and gently used books as well as new dictionaries to students for their personal use. We also collected and distributed children's books as part of a national Make a Difference Day.

Clothes for Kids – This program works with area school districts to provide jackets and shoe vouchers to deserving students referred by school personnel, and meets emergency clothing needs of students as well.

Scholarship – Elementary and middle school students, selected by their teacher or principal, are provided financial assistance to attend education camps or health retreats, such as Science Camp or Diabetes Camp.

Senior Programs – In Los Gatos and Saratoga volunteers helped seniors create crafts to take home and enjoy with their families. In conjunction with Saratoga Adult Daycare Center, teams of Chapter members plan, shop for and prepare a nutritious lunch four days a week for the seniors.

Family Programs – Families identified by Santa Clara County public health nurses are given gifts, purchased by our members, to give to their children in the summer and during the winter holidays, helping to brighten the spirits of the givers and the receivers. Mothers can also earn points which can be exchanged for baby items at a twice-yearly "store" which the Chapter supplies and staffs. Other year-round needs such as disposable diapers, infant formula, bus tokens, grocery gift cards and children's board books are provided as funds allow.

Teen Philanthropic Programs – The teen philanthropic programs include activities with seniors, a sock drive for homeless teens and holiday gifts for children in need.

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

4. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net assets 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, 2012, from which the summarized information was derived.

5. 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 or 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, accounts receivable, and accounts payable, approximate the carrying values at May 31, 2012 and 2011 based on their short maturities and/or the terms available to the chapter in financial markets.

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. 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.

7. Inventories

The chapter maintains an inventory of materials and supplies for use in its Operation School Bell and Literacy programs. The inventory is stated at the lower of cost or market determined by the first-in, first-out method.

8. 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, 2013, the Chapter's insured balances at these institutions total \$157,285. The Chapter has not experienced any losses on its cash, cash equivalents, or certificates of deposit.

10. Deferred Dues Revenue

Deferred revenue represents membership dues collected at the end of the fiscal year but allocable to the following fiscal year.

11. 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.

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Management's 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.

13. 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.

14. 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.

The Organization's federal returns for the years ended May 31, 2012, 2011, and 2010 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, 2012, 2011, 2010 and 2009 could be subject to examination by state taxing authorities, generally for four years after they are filed.

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Contributions In-Kind / Donated Services

Significant materials and services are donated to the chapter by various individuals, corporations and other organizations and are reflected in the accompanying financial statements at their fair values at the date of donation

In addition, a significant portion of the Chapter's program services, fundraising and administrative functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended May 31, 2013, these volunteers donated approximately 19,015 hours with an estimated value of \$424,035. This value was computed using an hourly rate of \$22.30. This amount is based upon the average hourly earnings of nonagricultural workers for the fiscal year ended May 31, 2013 (as determined by the U.S. Department of Labor's Bureau of Labor Statistics), plus 12% for estimated fringe benefits.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2013 and May 31, 2012 consist of the following:

Checking accounts:	2013	2012
General Checking, US Bank	\$ 93,206	\$ 75,105
Program Checking, Union Bank	8,573	9,496
Total checking accounts	101,779	84,601
Undeposited funds received at year end	-	850
Total Cash and Cash Equivalents	\$ 101,779	\$ 85,451

NOTE C – INVESTMENTS

Investments are stated at fair value and consist of the following at May 31, 2013 and May 31, 2012:

	2013	2012
Certificates of Deposit – 6 month term (unrestricted); level 1 investments		
US Bank - 1	\$ 17,251	\$ 17,243
US Bank - 2	27,634	27,619
Citibank	10,621	10,597
Total savings accounts	\$ 55,506	\$ 55,459

Investment return consists of \$47 in interest income for May 31, 2013.

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE D – INVENTORY

Inventory at May 31, 2013 and May 31, 2012 consisted of the following:

	2013	2012
Clothing	\$ -	\$ 100
Books	1,692	1,359
Total Inventory	\$ 1,692	\$ 1,459

NOTE E – NET ASSETS

At May 31 net assets were restricted by donors or designated by the Chapter as follows:

	2013	2012
Unrestricted Net Assets:		
Unrestricted	\$ 68,190	\$ 44,807
Designated for future operating expenses (as required by financial policy of National Assistance League)	90,000	90,000
Total unrestricted net assets	158,190	134,807
Temporarily restricted for:		
Clothes for Kids	-	7,000
Total restricted net assets	-	7,000
Total net assets	\$ 158,190	\$ 141,807

NOTE F - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2013	2012
Purpose restriction:		
Family programs	\$ 2,450	\$ -
Operation School Bell	22,975	15,490
Senior programs	200	250
Total net assets released from restrictions	\$ 25,625	\$ 15,740

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE G – SPECIAL EVENTS

The Chapter has various fundraising events to help fund current operation. The revenue and related expenses from such events for the year ending May 31, 2013 were:

Event	Revenue	Benefit to Attendees	Other Costs	Net Revenue
Gala	\$ 24,430	\$ 3,698	\$ 293	\$ 20,439
Rock Bottom event	1,250	-	-	1,250
Subtotal Events	25,680	3,698	293	21,689
Direct Mail Appeal (Contributions)	20,700	-	837	19,863
Totals	<u>\$ 46,380</u>	<u>\$ 3,698</u>	<u>\$ 1,130</u>	<u>\$ 41,552</u>

NOTE H – NONCASH CONTRIBUTIONS

The chapter received noncash contributions of materials that have been reflected in the financial statements of the chapter as follows:

	2013	2012
Literacy	\$ -	\$ 390
Literacy: Make a Difference Day	39,000	-
Family programs	17,806	17,629
Senior Lunch	100	-
Exercise & Nutrition	-	332
Teen philanthropic programs	-	720
Total non-cash donations	<u>\$ 56,906</u>	<u>\$ 19,071</u>

NOTE I – RENT

The Chapter rents a church hall for \$1,380 per year, plus a reimbursement for a portion of janitorial costs. There are no lease agreements in place.

ASSISTANCE LEAGUE OF LOS GATOS-SARATOGA
(A CALIFORNIA NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

NOTE J – SUBSEQUENT EVENTS

Assistance League of Los Gatos – Saratoga has evaluated events subsequent to May 31, 2013, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through August 22, 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.