

**ASSISTANCE LEAGUE® OF PHOENIX ARIZONA**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
MAY 31, 2008**

**GARY J. WOOD, P.C.**

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**Independent Auditor's Report**

To The Board of Directors  
Assistance League® of Phoenix Arizona  
Phoenix, Arizona

I have audited the accompanying Statement of Financial Position of Assistance League® of Phoenix Arizona (an Arizona not for profit corporation) as of May 31, 2008 and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
July 1, 2009

# ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

## Statement of Financial Position May 31, 2008

### ASSETS:

Cash and Cash Equivalents	\$	1,456,895
Promises to Give Receivable		26,800
Other Receivables		745
Prepaid Expenses		11,235
Advance Deposits		490
Inventory		229,823
Property & Equipment		<u>1,770,826</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>3,496,814</u></u></b>

### LIABILITIES:

Accounts Payable	\$	14,024
Deferred Revenue		16,755
Accrued Use Tax Liability		<u>48,000</u>
<b>TOTAL LIABILITIES</b>		<b>78,779</b>

### NET ASSETS:

Unrestricted	\$	3,284,162
Temporarily Restricted		<u>133,873</u>
<b>NET ASSETS</b>		<b><u>3,418,035</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u><u>3,496,814</u></u></b>

The Accompanying Notes Are An Integral Part Of These Financial Statements

## ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Statement of Activities  
For The Year Ended May 31, 2008

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains, and Other Support:</b>			
Fundraising			
Thrift Shop Revenue			
Contributions of Merchandise	\$ 203,225	\$	\$ 203,225
Sales of Donated Merchandise	196,007		196,007
Less: Value of Merchandise Sold	(196,007)		(196,007)
Net Revenue from Thrift Shop	203,225	0	203,225
Special Event Revenue			
Less: Direct Costs To Attendees	(38,855)		(38,855)
Net Revenue from Special Events	126,794	0	126,794
Other Special Fundraising-Direct Mailing	2,083		2,083
Contributions	25,592		25,592
Grants	165,670		165,670
Investment Income	49,142	4,259	53,401
Membership Dues	17,195		17,195
Membership Development	1,176		1,176
Memorials	2,200		2,200
Miscellaneous	161		161
Reclassification of Net Assets Released From Restrictions	34,900	(34,900)	0
<b>Total Revenues, Gains, and Other Support</b>	<b>628,138</b>	<b>(30,641)</b>	<b>597,497</b>
<b>Expenses:</b>			
Program Expenses:			
Operation School Bell	278,186		278,186
Hugs	26,382		26,382
Learn	51,167		51,167
Scholarships	77,171		77,171
Assault Survivor Kits	3,676		3,676
Wee Help	12,755		12,755
<b>Total Program Expenses</b>	<b>449,337</b>	<b>0</b>	<b>449,337</b>

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The Accompanying Notes Are An Integral Part Of These Financial Statements

## ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Statement of Activities - Continued  
For The Year Ended May 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Supporting Expenses:			
Fundraising Expenses			
Thrift Shop	75,093		75,093
Special Event	16,363		16,363
Other - Direct Mailing	1,504		1,504
Membership Development	20,233		20,233
Management and General	13,238		13,238
	<u>126,431</u>	<u>0</u>	<u>126,431</u>
Total Supporting Expenses			
	<u>575,768</u>	<u>0</u>	<u>575,768</u>
Total Expenses			
	<u>52,370</u>	<u>(30,641)</u>	<u>21,729</u>
Change In Net Assets			
	<u>3,263,968</u>	<u>164,514</u>	<u>3,428,482</u>
Net Assets, Beginning of Year			
Prior Period Adjustment	<u>(32,176)</u>		<u>(32,176)</u>
Net Assets, Beginning of Year-Adjusted			
	<u>3,231,792</u>	<u>164,514</u>	<u>3,396,306</u>
Net Assets, End of Year			
	<u>\$ 3,284,162</u>	<u>\$ 133,873</u>	<u>\$ 3,396,306</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

# ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

## Statement of Cash Flows For The Year Ended May 31, 2008

<b>Cash Flows From/(To) Operating Activities:</b>	
Increase/(Decrease) In Net Assets	\$ 21,729
Adjustments To Reconcile Increase/(Decrease) In Net Assets	
To Net Cash Provided By/(To) Operating Activities:	
Depreciation & Amortization	60,665
Increase/(Decrease) In Cash Resulting From Changes In:	
Receivables	(23,100)
Prepaid Expenses & Deposits	(2,998)
Inventory	(28,036)
Accounts Payable & Accrued Expenses	(19,731)
Deferred Revenue	2,200
Accrued Tax Liability	15,824
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Net Cash Provided By Operating Activities	26,553
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<b>Cash Flows From Investing Activities:</b>	
Purchase of Equipment	\$ <u>(2,383)</u>
Net Cash Provided To Investing Activities	<u>(2,383)</u>
Net Increase In Cash and Cash Equivalents	24,170
Cash and Cash Equivalents, Beginning of Year	<u>1,432,725</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,456,895</u>
	<hr/>
Interest Paid	\$ <u>-0-</u>
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Income Taxes Paid	\$ <u>-0-</u>
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The Accompanying Notes Are An Integral Part Of These Financial Statements

## ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

### STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended May 31, 2008

	Program Services						Total Program Services
	OPERATION				ASSAULT		
	SCHOOL			SCHOLAR-	SURVIVOR	WEE HELP	
	BELL	HUGS	LEARN	SHIPS	KITS		
Direct Costs	\$ 198,895	\$ 21,103	\$ 42,452	\$ 68,390	\$ 2,500	\$ 11,144	\$ 344,484
Bank Charges							0
Dues & Subscriptions	5		1	1			7
Computer Expense	1,654	107	214	511	34	62	2,582
Copier Expense	1,460	94	189	451	30	55	2,279
NAL Convention/Seminar	3,981	257	514	1,229	81	149	6,211
Education	256	16	33	79	5	10	399
Facilities Expense	24,967	1,687	2,516	412	563	563	30,708
Miscellaneous	20	1	2	6			29
Newsletters	2,770	179	358	855	57	104	4,323
Office Expense	2,281	147	295	704	47	85	3,559
Professional Services	9,332	602	1,205	2,881	190	349	14,559
Public Relations	2,413	156	311	745	49	91	3,765
Resource Development	278	18	36	86	6	10	434
Roster	1,122	72	145	346	23	42	1,750
NAL Dues							0
Room Rental Expense							0
Members' Expense							0
Orientation							0
<b>Subtotal</b>	<b>249,434</b>	<b>24,439</b>	<b>48,271</b>	<b>76,696</b>	<b>3,585</b>	<b>12,664</b>	<b>415,089</b>
Depreciation	28,752	1,943	2,896	475	91	91	34,248
<b>TOTAL EXPENSES</b>	<b>278,186</b>	<b>26,382</b>	<b>51,167</b>	<b>77,171</b>	<b>3,676</b>	<b>12,755</b>	<b>449,337</b>
Less: Expenses Included With Revenues On Statement of Activities							0
<b>Total Expenses Included In Expense Section On Statement of Activities</b>	<b>\$ 278,186</b>	<b>\$ 26,382</b>	<b>\$ 51,167</b>	<b>\$ 77,171</b>	<b>\$ 3,676</b>	<b>\$ 12,755</b>	<b>\$ 449,337</b>

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The Accompanying Notes Are An Integral Part Of These Financial Statements

**ASSISTANCE LEAGUE® OF PHOENIX ARIZONA**

STATEMENT OF FUNCTIONAL EXPENSES - Continued  
For The Year Ended May 31, 2008

	Supporting Services							Total Expenses
	Fundraising			Total Fundraising	Membership Development	Management and General	Total Supporting Services	
	Thrift Shop	Special Event	Other					
Direct Costs	\$ 6,476	\$ 51,896	\$ 1,504	\$ 59,876	\$ 0	\$ 0	\$ 59,876	\$ 404,360
Bank Charges	90			90			90	90
Dues & Subscriptions	1	1		2	1	1	4	11
Computer Expense	206	206		412	206	241	859	3,441
Copier Expense	182	182		364	182	213	759	3,038
NAL Convention/Seminar	497	497		994	224	853	2,071	8,282
Education	35	31		66	31	37	134	533
Facilities Expense	43,802	113		43,915	747	3,479	48,141	78,849
Miscellaneous	2	2		4	2	3	9	38
Newsletters	346	346		692	346	403	1,441	5,764
Office Expense	284	285		569	285	332	1,186	4,745
Professional Services	1,165	1,165		2,330	1,165	1,359	4,854	19,413
Public Relations	301	301		602	301	351	1,254	5,019
Resource Development	34	35		69	35	41	145	579
Roster	140	140		280	140	163	583	2,333
NAL Dues				0	6,150		6,150	6,150
Room Rental Expense				0	475	895	1,370	1,370
Members' Expense				0	8,321		8,321	8,321
Orientation				0	1,622		1,622	1,622
<b>Subtotal</b>	<b>53,561</b>	<b>55,200</b>	<b>1,504</b>	<b>110,265</b>	<b>20,233</b>	<b>8,371</b>	<b>138,869</b>	<b>553,958</b>
Depreciation	21,532	18		21,550		4,867	26,417	60,665
<b>TOTAL EXPENSES</b>	<b>75,093</b>	<b>55,218</b>	<b>1,504</b>	<b>131,815</b>	<b>20,233</b>	<b>13,238</b>	<b>165,286</b>	<b>614,623</b>
Less: Expenses Included With Revenues On Statement of Activities		38,855		38,855			38,855	38,855
<b>Total Expenses Included In Expense Section On Statement of Activities</b>	<b>\$ 75,093</b>	<b>\$ 16,363</b>	<b>\$ 1,504</b>	<b>\$ 92,960</b>	<b>\$ 20,233</b>	<b>\$ 13,238</b>	<b>\$ 126,431</b>	<b>\$ 575,768</b>

The Accompanying Notes Are An Integral Part Of These Financial Statements

# ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Notes To Financial Statements  
May 31, 2008

## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. DESCRIPTION OF THE CHAPTER

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 an all-volunteer Chapter serving adults and children in need within the greater metropolitan Phoenix area. The Chapter provides the following programs:

- \* OPERATION SCHOOL BELL - provides new clothing to elementary school students in four area school districts.
- \* ASSAULT SURVIVOR KITS - provides clothing and hygiene items to assault victims treated at a local shelter.
- \* LEARN - provides tutoring, mentoring, and other educational opportunities and cultural activities for children.
- \* SCHOLARSHIP - provides tuition scholarships at Arizona universities for junior and senior year of selected candidates.
- \* HUGS - gives teddy bears to the Phoenix Fire Department and hospital pediatric units
- \* WEE HELP - distributes layettes to infants of underprivileged mothers at Maricopa County Medical Center and John C. Lincoln Hospital.

The Chapter's support and revenue come primarily from contributions and other fundraising efforts including special events and operation of a thrift shop.

### B. BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and, accordingly, reflect all significant receivables, payables, and other liabilities. Net assets, revenues, and gains and losses are classified on the existence or absence of donor-imposed restrictions on contributions. Accordingly, net assets and changes therein are classified as follows:

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Chapter and/or the passage of time.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time has elapsed, are reported as reclassification between the applicable classes of net assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

# ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Notes To Financial Statements  
May 31, 2008

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. 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 financial institutions located in the metropolitan Phoenix, Arizona area. The Chapter also maintains a significant amount of its funds in a CDARS program through a local bank. Under this program, the funds are invested in CDs in various banks throughout the United States in a manner in which all funds are insured by the Federal Deposit Insurance Corporation (FDIC). Most of the Chapter's balances are insured by either the Federal Deposit Insurance Corporation (FDIC), the Securities Investors Protection Corporation (SIPC), or private insurance provided by the financial institution. Balances which were in excess of insured limits totaled \$7,628. These amounts have not been adjusted for items recorded in the accounts which have not yet cleared the bank.

E. CASH AND CASH EQUIVALENTS

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 and cash equivalents include cash held in checking and money market accounts, time deposits, certificates of deposit, and all highly liquid investments with original maturities of three months or less. Certificates of deposit (CD) totaling \$1,133,849 are included in cash in the accompanying financial statements. The CDs bear interest ranging from 2.56% to 2.91% and have six month maturities, with penalties for early withdrawal. Management does not believe that any penalties for early withdrawal would have a material effect on the financial statements. Cash includes amounts which are subject to donor imposed restrictions, see Note 6. There were no other restrictions on cash at May 31, 2008. There are no external requirements that the Chapter maintain separate bank accounts, all Chapter funds can be co-mingled.

F. 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. All promises to give were expected to be collected in one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. INVENTORIES

The Chapter maintains an inventory of new clothing and shoes for use in its Operation School Bell program, clothing and hygiene items for use in its Assault Survivor Kits program, dictionaries for use in its Learn program, teddy bears for use in its Hugs program, and layettes for infant's use in its Wee Help program. All of these inventories are stated at the lower of cost or market determined by the first-in, first-out 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.

# ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Notes To Financial Statements  
May 31, 2008

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

## H. PROPERTY AND EQUIPMENT

Property and Equipment are stated at cost, or if donated, at the fair market value at the date of the gift. 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 forty 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.

## I. 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.

## J. DONATED MATERIALS AND SERVICES

Significant materials and services are donated to the Chapter by various individuals, corporations, and other organizations. Donated materials of \$196,007 during the fiscal year 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, 2008, these volunteers donated approximately 28,719 hours with an estimated value of \$ 568,923. This value was computed using an estimated hourly rate of \$19.81, based upon the average hourly earnings of nonagricultural workers for the time period of May 31, 2008, as determined by the U.S. Department of Labor's Bureau for Labor Statistics, plus 12% for estimated fringe benefits.

## K. INCOME TAX STATUS

The Chapter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code under an exemption granted September 17, 1964. Accordingly, the Chapter qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Chapter is also exempt from state income taxes by the Arizona Department of Revenue under an exemption granted May 22, 1975.

## L. 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.

## ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Notes To Financial Statements  
May 31, 2008

Note 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at May 31, 2008 consisted of the following:

Cash on Hand		\$ <u>200</u>
Checking Accounts:		
Chase Bank		76,706
Camelback Community Bank		<u>9,470</u>
Total Cash in Checking		<u>86,176</u>
Savings Accounts:		
Camelback Community Bank		86,469
Morgan Stanley		<u>150,202</u>
Total Cash In Savings		<u>236,671</u>
Certificates of Deposit in Camelback Community Bank's CDARS Program:		
Pulaski Bank		96,818
The Private Bank and Trust Company		88,185
Colonial Bank		96,818
Bank of Smithtown		96,757
Citizens Bank of Northern California		96,758
Citizens Bank and Trust Company		96,758
Liberty Savings Bank		77,966
Monument Bank		96,758
MB Financial Bank		96,757
National City Bank		96,758
Virginia Commerce Bank		96,758
1st Centennial Bank		<u>96,757</u>
Total Cash in CDARS Program		<u>1,133,848</u>
Total Cash and Cash Equivalents		<u>\$ 1,456,895</u>

Note 3: INVENTORIES

Inventories at May 31, 2008 consist of the following:

New clothing and shoes for use in the Operation School Bell program		\$ 152,209
Stuffed bears for use in the HUGS program		13,795
Infant care items for use in the Wee Help program		1,709
Used clothing and household items held for sale at the Thrift Shop		<u>62,110</u>
Total Inventories		<u>\$ 229,823</u>

## ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Notes To Financial Statements  
May 31, 2008

**Note 4: PROPERTY AND EQUIPMENT**

Property and Equipment are summarized below:

Land - 7044 Building	\$	391,258
Land - Philanthropic Center		175,000
Land Improvements - 7044 Building		24,456
Improvements - 7044 Building		83,754
Building - 7044 Building		474,208
Building - Philanthropic Center		298,392
Improvements - Philanthropic Center		714,841
Furniture and Equipment - 7044 Building		54,530
Furniture and Equipment - Philanthropic Center		<u>86,538</u>
 Total		 2,302,977
 Less: Accumulated Depreciation		 <u>(532,151)</u>
 Net Property and Equipment	 \$	 <u><u>1,770,826</u></u>

Property and Equipment include fully depreciated assets totaling \$40,380 at May 31, 2008.

**Note 5: LEASE COMMITMENTS**

In May, 2008, the Chapter entered into a lease for a copier under a noncancellable operating lease. At the conclusion of the lease, the Chapter has the option to purchase the copier at fair market value. This lease replaced an expiring lease for a previous copier. Total charged to equipment rent for these operating leases for the year was \$3,038. The Chapter is responsible for all taxes and insurance on this equipment. General maintenance of this equipment is provided by the lessor.

The future minimum lease payments for these leases are as follows:

For The Years Ending May 31,		
2009	\$	3,098
2010		3,098
2011 and thereafter		<u>0</u>
 Total Future Minimum Rental Payments	 \$	 <u><u>6,196</u></u>

**Note 6: NET ASSETS**

At May 31, 2008, net assets were designated by the Chapter as follows:

Unrestricted Net Assets:		
Designated for Future Operating Needs	\$	550,000
Undesignated		<u>2,734,162</u>
 Total Unrestricted Net Assets	 \$	 <u><u>3,284,162</u></u>

# ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

## Notes To Financial Statements May 31, 2008

Note 6: NET ASSETS - Continued

At May 31, 2008, net assets were restricted by donors as follows:

Temporarily Restricted Net Assets:

Facilities Renovation-Porter Funds	\$	110,640
Capital Campaign-Philanthropic Building Operations		3,233
Capital Campaign-Philanthropic Building To Resurface Parking Lot		20,000
Total Temporarily Restricted Net Assets	\$	133,873

Note 7. RELATED PARTY TRANSACTIONS

A. NATIONAL FRANCHISE FEE

The Chapter pays dues to National Assistance League® based on the number of members the Chapter has. For the year ended May 31, 2008 the total paid was \$6,150.

B. NAL CONVENTION

The Chapter pays National Assistance League® for the Chapter's members to attend the national convention. The Chapter pays all of the registration for 3 delegates and a portion of the registration for each member that attends the convention. For the year ended May 31, 2008 the total paid was \$12,182 and members reimbursements totaled \$3,900.

Note 8. SPECIAL EVENT

The Chapter has a major fundraising event to help fund current operations. The revenue and related expenses from this event for the year ended May 31, 2008 are as follows:

Event	Revenue	Cost of Direct Benefits to Attendees	Other Event Costs	Net Revenue
Celebration of Caring	\$ 165,649	38,855	16,363	\$ 110,431

Note 9: CONDITIONAL GRANTS

During the year ended May 31, 2007, the Chapter received a three year grant, payable in equal installments of \$25,000 per year, which requires certain actions from the Chapter in subsequent years in order to receive payments for those years. During the current year, the Chapter received the first year's grant amount. While management believes that the Chapter will meet these conditions, for the remaining years, they have not been met as of the end of the fiscal year. Accordingly, the payments scheduled for the remaining subsequent year has not been recorded in these financial statements.

## ASSISTANCE LEAGUE® OF PHOENIX ARIZONA

Notes To Financial Statements  
May 31, 2008

### Note 10: PRIOR PERIOD ADJUSTMENT

During the current year, management determined that it was subject to pay use taxes on certain purchases, particularly purchases from out of state vendors, but had not reflected the liability on the prior year's financial statements. In conjunction with consultation with legal counsel, management settled the amount, including interest, with the local tax authorities under an amnesty program. The effect of this liability, including interest, for periods prior to the beginning of the current fiscal year was to increase beginning liabilities by \$32,176 and to decrease beginning net assets by \$32,176, including interest.

The effect of this liability on the current year was \$15,824, which was allocated among the programs affected.

Marlys Rulon

From Cindy Halpern  
Assistance League of Phoenix