NONPROFIT LEADERSHIP ALLIANCE

FINANCIAL STATEMENTS

JUNE 30, 2014

Contents

NONPROFIT LEADERSHIP ALLIANCE

STATEMENT OF FINANCIAL POSITION

June 30, 2014

Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets				
Cash and cash equivalents	$ 1,075,548	$ 15,000	$ —	$ 1,090,548
Promises to give	—	35,000	—	35,000
Prepaid expenses and other assets	3,361	—	—	3,361
Total Current Assets	1,078,909	50,000	—	1,128,909
Property And Equipment				
Office equipment	14,870	—	—	14,870
Accumulated depreciation	(7,614)	—	—	(7,614)
Net Property And Equipment	7,256	—	—	7,256
Investments	788,697	2,252,893	1,250,586	4,292,176
Beneficial Interest In Perpetual Trust	—	53,392	160,950	214,342
Total Assets	$ 1,874,862	$ 2,356,285	$ 1,411,536	$ 5,642,683

Liabilities And Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities				
Accounts payable	$ 70,501	$ —	$ —	$ 70,501
Deferred revenue	103,425	—	—	103,425
Total Liabilities	173,926	—	—	173,926
Net Assets				
Unrestricted:				
Undesignated	912,239	—	—	912,239
Designated	788,697	—	—	788,697
	1,700,936	—	—	1,700,936
Temporarily restricted	—	2,356,285	—	2,356,285
Permanently restricted	—	—	1,411,536	1,411,536
Total Net Assets	1,700,936	2,356,285	1,411,536	5,468,757
Total Liabilities And Net Assets	$ 1,874,862	$ 2,356,285	$ 1,411,536	$ 5,642,683

NONPROFIT LEADERSHIP ALLIANCE

STATEMENT OF FINANCIAL POSITION
June 30, 2013

Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets				
Cash and cash equivalents	$ 55,957	$ 129,367	$ —	$ 185,324
Promises to give	400	20,000	—	20,400
Prepaid expenses and other assets	2,369	1,680	—	4,049
Total Current Assets	58,726	151,047	—	209,773
Property And Equipment				
Office equipment	23,839	—	—	23,839
Accumulated depreciation	(11,493)	—	—	(11,493)
Net Property And Equipment	12,346	—	—	12,346
Investments	1,960,656	1,928,549	1,250,586	5,139,791
Beneficial Interest In Perpetual Trust	—	32,025	160,950	192,975
Total Assets	$ 2,031,728	$ 2,111,621	$ 1,411,536	$ 5,554,885

Liabilities And Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities				
Line of credit	$ 305,000	$ —	$ —	$ 305,000
Accounts payable	85,240	—	—	85,240
Deferred revenue	109,800	—	—	109,800
Total Liabilities	500,040	—	—	500,040
Net Assets				
Unrestricted:				
Undesignated	(428,968)	—	—	(428,968)
Designated	1,960,656	—	—	1,960,656
	1,531,688	—	—	1,531,688
Temporarily restricted	—	2,111,621	—	2,111,621
Permanently restricted	—	—	1,411,536	1,411,536
Total Net Assets	1,531,688	2,111,621	1,411,536	5,054,845
Total Liabilities And Net Assets	$ 2,031,728	$ 2,111,621	$ 1,411,536	$ 5,554,885

NONPROFIT LEADERSHIP ALLIANCE

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenues And Gains				
Contributions	$ 43,303	$ 157,100	$ —	$ 200,403
AMI registration fees	161,200	—	—	161,200
Affiliate fees	297,294	—	—	297,294
Nonprofit membership fees	69,000	—	—	69,000
CNP fees	20,820	—	—	20,820
Other income	6,146	—	—	6,146
Net investment income	105,810	30,803	—	136,613
Net realized gain on investments	371,577	278,389	—	649,966
Net unrealized gain (loss) on investments	(24,720)	149,544	—	124,824
	1,050,430	615,836	—	1,666,266
Net assets released from restrictions	371,172	(371,172)	—	—
Total Support, Revenues And Gains	1,421,602	244,664	—	1,666,266
Expenses				
Academic partnerships	387,045	—	—	387,045
Student placement	19,500	—	—	19,500
Nonprofit partnerships	142,859	—	—	142,859
Alliance Management Institute	195,817	—	—	195,817
General and administrative	349,129	—	—	349,129
Fundraising	158,004	—	—	158,004
Total Expenses	1,252,354	—	—	1,252,354
Increase In Net Assets	169,248	244,664	—	413,912
Net Assets - Beginning Of Year	1,531,688	2,111,621	1,411,536	5,054,845
Net Assets - End Of Year	$ 1,700,936	$ 2,356,285	$ 1,411,536	$ 5,468,757

NONPROFIT LEADERSHIP ALLIANCE

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, Revenues And Gains				
Contributions	$ 93,854	$ 45,000	$ —	$ 138,854
Kellogg grant	—	229,500	—	229,500
AMI registration fees	224,539	—	—	224,539
Affiliate fees	373,106	—	—	373,106
Nonprofit membership fees	20,000	—	—	20,000
Other income	3,524	—	—	3,524
Net investment income	44,592	72,181	—	116,773
Net realized gain on investments	438	3,028	—	3,466
Net unrealized gain on investments	269,445	319,815	—	589,260
	1,029,498	669,524	—	1,699,022
Net assets released from restrictions	887,978	(887,978)	—	—
Total Support, Revenues And Gains	1,917,476	(218,454)	—	1,699,022
Expenses				
Academic partnerships	266,601	—	—	266,601
Student placement	214,188	—	—	214,188
Nonprofit partnerships	86,512	—	—	86,512
Alliance Management Institute	220,499	—	—	220,499
General and administrative	462,393	—	—	462,393
Fundraising	210,909	—	—	210,909
Total Expenses	1,461,102	—	—	1,461,102
Increase (Decrease) In Net Assets	456,374	(218,454)	—	237,920
Net Assets - Beginning Of Year	1,075,314	2,330,075	1,411,536	4,816,925
Net Assets - End Of Year	$ 1,531,688	$ 2,111,621	$ 1,411,536	$ 5,054,845

NONPROFIT LEADERSHIP ALLIANCE

STATEMENT OF CASH FLOWS

	For The Years Ended June 30, 2014	2013
Cash Flows From Operating Activities		
Increase in net assets	**$ 413,912**	$ 237,920
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	**5,090**	5,653
Net realized/unrealized gain on investments	**(774,790)**	(592,726)
Changes in assets and liabilities:		
Decrease in accounts receivable	**—**	7,941
(Increase) decrease in unconditional promises to give	**(14,600)**	1,100
Decrease in prepaid expenses and other assets	**688**	8,421
Decrease in accounts payable	**(14,739)**	(511,314)
Decrease in deferred revenue	**(6,375)**	(200,700)
Net Cash Used In Operating Activities	**(390,814)**	(1,043,705)
Cash Flows From Investing Activities		
Purchase of investments	**(1,113,307)**	(1,911,072)
Proceeds from sale of investments	**2,714,345**	2,726,833
Purchase of equipment	**—**	(14,870)
Net Cash Provided By Investing Activities	**1,601,038**	800,891
Net Cash Flows From Financing Activities		
Net (repayments to) borrowings from line of credit	**(305,000)**	225,000
Increase (Decrease) In Cash And Cash Equivalents	**905,224**	(17,814)
Cash And Cash Equivalents - Beginning Of Year	**185,324**	203,138
Cash And Cash Equivalents - End Of Year	**$ 1,090,548**	$ 185,324

1. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying financial statements of Nonprofit Leadership Alliance (the Organization) have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations presenting information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor by actions of the Organization.

Estimates And Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Cash And Cash Equivalents

The Organization considers all demand deposits as cash equivalents. At June 30, 2014 and 2013, cash equivalents consisted primarily of money market accounts.

The Organization maintains cash accounts at a bank located in the Kansas City metropolitan area. The balances at this institution, at times, may have exceeded the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 (without regard to outstanding items). At June 30, 2014, the total uninsured balance was approximately $859,000. There were no balances in banks in excess of the FDIC insured limit at June 30, 2013.

Promises To Give

Unconditional promises to give are recognized as revenues in the period the promise is communicated and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable.

Restricted And Unrestricted Revenue And Support

Contributions received are recorded (at fair market value) as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Investments

Investments are reported at fair value. Gains or losses on sales of investments are determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end valuation fluctuations. Investments received by gift are recorded at fair market value at date of receipt.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in value of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Office Equipment

Office equipment is recorded at cost, except for any items received as gifts, which are stated at appraisal value at date of receipt. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Included in general and administrative expenses is depreciation expense of $5,090 and $5,653 for the years ended June 30, 2014 and 2013, respectively.

Revenue Recognition

All revenue, excluding contributions and earnings on investments, is recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, services have been rendered and collection is probable. Amounts received prior to the achievement of these criteria are classified as deferred revenue.

Deferred revenues consist principally of prepaid affiliate fees. Such revenue is recognized over the period in which it is earned.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $38,938 in 2014 and $3,000 in 2013.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the supplemental schedules to the financial statements. Expenses are charged to program services and supporting activities on the basis of estimates. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's federal, state and city tax returns for tax years 2011 and later remain subject to examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through December 19, 2014, the date which the financial statements were available for issue.

2. Operations

The Organization was incorporated on May 12, 1949. The purpose of the Organization is to promote career training opportunities for college students who aspire to professional employment in nonprofit management and leadership. The Organization is affiliated with colleges and universities which provide faculty, programs of study and co-curricular activities. Students who complete these programs and meet the Organization competencies are awarded a certification in nonprofit management and leadership. The Organization also works in collaboration with national, regional and local nonprofit organizations.

3. Conditional Promises To Give And Deferred Revenue

During the year ended June 30, 2007, the Organization received a conditional promise to give totaling $5,000,000. Of this promise, $229,500 was recognized as contribution revenue during the year ended June 30, 2013. The promise to give contained certain performance conditions which the Organization met in order to recognize the annual amounts pledged. Because of the conditional nature of the promise, the Organization recognized the revenue as the Organization achieved the required performance targets. As of June 30, 2013, the Organization had collected all amounts due to it as part of the conditional promise.

4. Investments

Investments as of June 30, 2014 consist of the following:

	Cost	Fair Value
Money market funds	$ 109,198	$ 109,198
Mutual funds	1,892,768	3,275,860
Corporate bonds	393,824	391,406
Municipal bonds	74,675	74,936
U.S. Government and agency obligations	439,346	440,776
	$ 2,909,811	$ 4,292,176

Investments as of June 30, 2013 consist of the following:

	Cost	Fair Value
Money market funds	$ 145,459	$ 145,459
Mutual funds	2,627,872	3,914,332
Corporate bonds	343,795	333,380
Municipal bonds	74,675	72,911
U.S. Government and agency obligations	671,125	673,709
	$ 3,862,926	$ 5,139,791

5. Fair Value Measurements

The Organization follows accounting guidance which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Corporate Bonds, Municipal Bonds And U.S. Government Securities

Valued at either the closing price reported on the active market on which the individual securities are traded or valued by a pricing service which determines the valuation of normal institutionalized trading units of such securities using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders.

Mutual Funds

Valued at the net asset value (NAV) of shares held by the Organization at year end.

Beneficial Interest In Perpetual Trust

The Organization holds a beneficial interest in a perpetual trust, which is included in the Level 3 assets, and is comprised of a portfolio of mutual funds. The fair value of the Organization's beneficial interest in perpetual trust is measured using the fair value of the assets held by the trust, as no facts and circumstances indicate that the fair value of the beneficial interest differs from the fair value of assets held.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 109,198	$ —	$ —	$ 109,198
Mutual funds				
International equity	1,108,854	—	—	1,108,854
Domestic small cap	454,326	—	—	454,326
Domestic index	1,639,286	—	—	1,639,286
Fixed income	73,394	—	—	73,394
Corporate bonds	—	391,406	—	391,406
Municipal bonds	—	74,936	—	74,936
U.S. Government and Agency Obligations				
Government National Mortgage Association	—	215,572	—	215,572
Federal Home Loan Bank and Federal Farm Credit Bank	—	100,074	—	100,074
Treasury Notes	—	125,130	—	125,130
Beneficial interest in perpetual trust	—	—	214,342	214,342
Total assets at fair value	$ 3,385,058	$ 907,118	$ 214,342	$ 4,506,518

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 145,459	$ —	$ —	$ 145,459
Mutual funds				
International equity	871,755	—	—	871,755
Domestic small cap	784,311	—	—	784,311
Domestic index	2,152,651	—	—	2,152,651
Fixed income	105,615	—	—	105,615
Corporate bonds	—	333,380	—	333,380
Municipal bonds	—	72,911	—	72,911
U.S. Government and Agency Obligations				
Government National Mortgage Association	—	303,109	—	303,109
Federal Home Loan Bank and Federal Farm Credit Bank	—	72,448	—	72,448
Treasury Notes	—	298,152	—	298,152
Beneficial interest in perpetual trust	—	—	192,975	192,975
Total assets at fair value	$ 4,059,791	$ 1,080,000	$ 192,975	$ 5,332,766

There have been no changes in the methodologies used at June 30, 2014 or 2013.

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets:

	2014	2013
Beneficial interest in perpetual trust, beginning of year	**$ 192,975**	$ 186,924
Fees and distributions	**(7,827)**	(7,911)
Realized and unrealized gains	**29,194**	13,962
Beneficial interest in perpetual trust, end of year	**$ 214,342**	$ 192,975

6. Line Of Credit

The Organization had an agreement with a bank for a $350,000 line of credit, which matured on March 21, 2014 and was not renewed. The outstanding balance at June 30, 2013 was $305,000. Interest was payable monthly at a variable rate but not less than 2.75% (2.75% at June 30, 2013). The line of credit was secured by the certain investments held with the bank that issued the line of credit.

7. Defined Contribution Retirement Plan

The Organization provides for a defined contribution retirement plan. All of the Organization's employees are eligible for voluntary participation after one year of service. Participants contribute a minimum of 4.2% of their gross salary and the Organization contributes 7%. Pension expense of $3,943 and $5,834 for the years ended June 30, 2014 and 2013, respectively, is included in general and administrative expenses in the accompanying financial statements.

8. Leases

In October 2005, the Organization entered into an agreement with a lessor to sublease office and storage space for ten years beginning December 1, 2005. Total rental expense was $60,841 and $53,908 in 2014 and 2013, respectively.

Future minimum lease payments for the years ending June 30 are as follows:

Year	Amount
2015	$ 67,512
2016	33,756
	$ 101,268

9. Restrictions On Net Assets

Temporarily Restricted Net Assets

The Organization has temporarily restricted net assets, which are subject to the following restrictions and use:

	2014	2013
Student scholarships and loans	**$ 2,069,376**	$ 1,760,893
AMI	**68,392**	32,025
Next Generation program	**12,398**	61,393
Technology	**—**	10,930
Time restricted - promises to give	**35,000**	20,000
Program enrichment	**171,119**	226,380
	$ 2,356,285	$ 2,111,621

Endowment Funds

Effective July 1, 2008, the Organization adopted a new requirement for expanded disclosure of Endowments for Not-For-Profit Organizations. The Organization's endowment consists of several funds established to support the general operations of the Organization. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation Of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of June 30, 2014 the net asset composition of the endowment was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ —	$ 171,119	$ 1,250,586	$ 1,421,705
Board-designated quasi endowment funds	788,697	—	—	788,697
	$ 788,697	$ 171,119	$ 1,250,586	$ 2,210,402

As of June 30, 2013 the net asset composition of the endowment was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ —	$ 226,380	$ 1,250,586	$ 1,476,966
Board-designated quasi endowment funds	1,960,656	—	—	1,960,656
	$ 1,960,656	$ 226,380	$ 1,250,586	$ 3,437,622

The changes in the endowment net assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	$ 1,960,656	$ 226,380	$ 1,250,586	$ 3,437,622
Investment return	429,037	115,325	—	544,362
	2,389,693	341,705	1,250,586	3,981,984
Amounts appropriated for spending	(1,669,711)	(29,366)	—	(1,699,077)
Other changes	68,715	(141,220)	—	(72,505)
Ending balance	$ 788,697	$ 171,119	$ 1,250,586	$ 2,210,402

The changes in the endowment net assets for the year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	$ 1,745,108	$ 66,023	$ 1,250,586	$ 3,061,717
Investment return	282,692	213,277	—	495,969
Contributions	3,000	—	—	3,000
	2,030,800	279,300	1,250,586	3,557,686
Amounts appropriated for spending	(70,144)	(52,920)	—	(123,064)
Ending balance	$ 1,960,656	$ 226,380	$ 1,250,586	$ 3,437,622

Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a total return which approximates that which would result from an investment of the endowment assets in two asset classes, (1) 50% in equities corresponding to the Standard and Poor's 500 and (2) 50% in bond instruments corresponding to the Lehman Bros. Aggregate Bond Index. The Organization expects its endowment funds, over time, to provide an average rate of return to exceed the sum of the endowment's spending rate, anticipated inflation, investment management consulting fees, and administrative costs. To achieve the endowment objective, the endowment's assets are invested to generate appreciation and/or dividend and interest income and are diversified among several classes. Actual returns in any given year may vary from this amount.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that utilizes both equity-based investments and fixed income based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Organization adopted the "spending rate" method to allocate a portion of the total anticipated return on its investment accounts in support of the current operations. Five percent of the 24 month trailing average market value of these investments is distributed to unrestricted net assets. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 4 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. This policy was not adopted for those endowment funds where investment income is to remain in the fund.

10. Net Assets Released From Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors or by the passage of time:

	2014	2013
AMI	**$ 86,753**	$ 24,471
Next Generation program	**49,290**	753,881
Student scholarships and loans	**8,613**	41,136
Program enrichment	**170,586**	52,920
Technology	**35,930**	14,070
Time restricted - promises to give	**20,000**	1,500
	$ 371,172	$ 887,978

11. Beneficial Interest In Perpetual Trust

The Simon and Monya Rositzky AMI Endowment Foundation (the Foundation) has been established with an original contribution of $100,000 and a subsequent contribution of $60,950 to a fund at the Country Club Trust Company. Country Club Trust Company is the trustee of the Foundation. These gifts were recorded as permanently restricted contributions when received.

Under the irrevocable trust agreement, the Rositzkys have designated the Alliance Management Institute (AMI) Program as the sole beneficiary of the Foundation's income (the principal is to remain intact). Should AMI cease to exist, the Organization can use the income for its general purposes. The Boy Scouts of America has been designated, as the secondary beneficiary should the Organization cease to exist. The trustee makes an annual distribution of 5% of the beginning principal balance of the trust to the Organization for use consistent with the trust purposes.

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Independent Auditors' Report On Supplementary Information

Board of Directors
Nonprofit Leadership Alliance

We have audited the financial statements of Nonprofit Leadership Alliance as of and for the years ended June 30, 2014 and 2013, and our report thereon dated December 19, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses for the years ended June 30, 2014 and 2013, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

December 19, 2014

NONPROFIT LEADERSHIP ALLIANCE

SCHEDULE OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2014

	Program Services					Supporting Activities			
	Academic Partnerships	Student Placement	Nonprofit Partnerships	AMI	Program Expense	General And Administrative	Fundraising	Supporting Expenses	Total Expenses
Personnel expense	$ 249,072	$ —	$ 104,991	$ 48,733	$ 402,796	$ 193,610	$ 150,197	$ 343,807	$ 746,603
Professional fees	—	—	—	—	—	31,056	—	31,056	31,056
Computer service and maintenance	44,147	—	—	—	44,147	16,266	—	16,266	60,413
Depreciation	—	—	—	—	—	5,090	—	5,090	5,090
Insurance	—	—	—	—	—	7,779	—	7,779	7,779
Marketing and communications	10,420	—	11,468	3,380	25,268	13,670	—	13,670	38,938
Meetings	8,060	—	527	—	8,587	1,677	76	1,753	10,340
Dues and subscriptions	194	—	—	—	194	3,442	—	3,442	3,636
Supplies	6,402	—	486	—	6,888	3,077	—	3,077	9,965
Printing	744	—	295	—	1,039	1,890	—	1,890	2,929
Postage and shipping	2,072	—	—	—	2,072	738	52	790	2,862
Rent	22,564	—	9,321	—	31,885	23,145	5,811	28,956	60,841
Phone	2,221	—	1,118	—	3,339	2,624	1,153	3,777	7,116
Other expenses	11,276	—	—	—	11,276	17,296	—	17,296	28,572
Travel	29,873	—	14,653	20,081	64,607	27,769	715	28,484	93,091
Next Generation program	—	19,500	—	—	19,500	—	—	—	19,500
Management Institute	—	—	—	123,623	123,623	—	—	—	123,623
Total Expenses	$ 387,045	$ 19,500	$ 142,859	$ 195,817	$ 745,221	$ 349,129	$ 158,004	$ 507,133	$ 1,252,354

NONPROFIT LEADERSHIP ALLIANCE

SCHEDULE OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2013

	Program Services					Supporting Activities			
	Academic Partnerships	Student Placement	Nonprofit Partnerships	AMI	Program Expense	General And Administrative	Fundraising	Supporting Expenses	Total Expenses
Personnel expense	$ 165,272	$ —	$ 60,599	$ 16,764	$ 242,635	$ 298,921	$ 192,249	$ 491,170	$ 733,805
Professional fees	—	—	—	—	—	23,540	—	23,540	23,540
Computer service and maintenance	17,325	—	7,699	—	25,024	15,879	7,218	23,097	48,121
Depreciation	—	—	—	—	—	5,653	—	5,653	5,653
Insurance	—	—	—	—	—	6,286	—	6,286	6,286
Marketing and communications	1,081	—	—	—	1,081	1,919	—	1,919	3,000
Meetings	5,277	—	185	—	5,462	1,317	568	1,885	7,347
Dues and subscriptions	455	—	—	—	455	2,698	—	2,698	3,153
Supplies	4,745	—	148	1,085	5,978	2,078	—	2,078	8,056
Printing	2,526	—	195	—	2,721	7,117	1,102	8,219	10,940
Postage and shipping	—	—	—	—	—	5,694	—	5,694	5,694
Rent	19,407	—	8,625	—	28,032	21,563	4,313	25,876	53,908
Phone	2,280	—	1,177	—	3,457	2,795	1,103	3,898	7,355
Other expenses	28,051	—	1,853	—	29,904	16,981	1,281	18,262	48,166
Travel	20,182	—	6,031	11,172	37,385	49,952	3,075	53,027	90,412
Next Generation program	—	214,188	—	—	214,188	—	—	—	214,188
Management Institute	—	—	—	191,478	191,478	—	—	—	191,478
Total Expenses	$ 266,601	$ 214,188	$ 86,512	$ 220,499	$ 787,800	$ 462,393	$ 210,909	$ 673,302	$ 1,461,102

See the accompanying independent auditors' report on supplementary information.