# *NONPROFIT LEADERSHIP ALLIANCE*

*FINANCIAL STATEMENTS*

*JUNE 30, 2012*

## Contents

RubinBrown LLP
*Certified Public Accountants*
*& Business Consultants*

10975 Grandview Drive
Suite 600
Overland Park, KS 66210

**T** 913.491.4144
**F** 913.491.6821

**W** rubinbrown.com
**E** info@rubinbrown.com

# Independent Auditors' Report

Board of Directors
Nonprofit Leadership Alliance
Kansas City, Missouri

We have audited the accompanying statement of financial position of Nonprofit Leadership Alliance (the Organization) as of June 30, 2012, and the related statement of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2012, and its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

RubinBrown LLP

February 12, 2014

# NONPROFIT LEADERSHIP ALLIANCE

## STATEMENT OF FINANCIAL POSITION
## June 30, 2012

### Assets

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and cash equivalents | $ 64,551 | $ 138,587 | $ — | $ 203,138 |
| Promises to give | — | 21,500 | — | 21,500 |
| Accounts receivable | 7,941 | — | — | 7,941 |
| Investments | 1,745,108 | 2,373,183 | 1,250,586 | 5,368,877 |
| Prepaid expenses and other assets | 12,139 | 331 | — | 12,470 |
| **Total Current Assets** | 1,829,739 | 2,533,601 | 1,250,586 | 5,613,926 |
| **Property And Equipment** | | | | |
| Office equipment | 8,968 | — | — | 8,968 |
| Accumulated depreciation | (5,839) | — | — | (5,839) |
| **Net Property And Equipment** | 3,129 | — | — | 3,129 |
| **Beneficial Interest In Perpetual Trust** | — | 25,974 | 160,950 | 186,924 |
| **Total Assets** | $ 1,832,868 | $ 2,559,575 | $ 1,411,536 | $ 5,803,979 |

### Liabilities And Net Assets

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Line of credit | $ 80,000 | $ — | $ — | $ 80,000 |
| Accounts payable | 596,554 | — | — | 596,554 |
| Deferred revenue | 81,000 | 229,500 | — | 310,500 |
| **Total Liabilities** | 757,554 | 229,500 | — | 987,054 |
| **Net Assets** | | | | |
| Unrestricted: | | | | |
| Undesignated | (669,794) | — | — | (669,794) |
| Designated | 1,745,108 | — | — | 1,745,108 |
| | 1,075,314 | — | — | 1,075,314 |
| Temporarily restricted | — | 2,330,075 | — | 2,330,075 |
| Permanently restricted | — | — | 1,411,536 | 1,411,536 |
| **Total Net Assets** | 1,075,314 | 2,330,075 | 1,411,536 | 4,816,925 |
| **Total Liabilities And Net Assets** | $ 1,832,868 | $ 2,559,575 | $ 1,411,536 | $ 5,803,979 |

# NONPROFIT LEADERSHIP ALLIANCE

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
## For The Year Ended June 30, 2012

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Support, Revenues And Gains (Losses)** | | | | |
| Contributions | $ 75,281 | $ 20,000 | $ — | $ 95,281 |
| Kellogg grant | 32,000 | 230,500 | — | 262,500 |
| AMI registration fees | 174,701 | — | — | 174,701 |
| Affiliate fees | 408,000 | — | — | 408,000 |
| Nonprofit membership fees | 42,500 | — | — | 42,500 |
| Other income | 4,502 | — | — | 4,502 |
| Net investment income | 60,269 | 70,098 | — | 130,367 |
| Net realized gain on investments | 1,196 | 63,749 | — | 64,945 |
| Net unrealized loss on investments | (61,337) | (173,518) | — | (234,855) |
| **Total Revenues** | 737,112 | 210,829 | — | 947,941 |
| Change in classification of net assets | 78,171 | 11,498 | (89,669) | — |
| Net assets released from restrictions | 630,322 | (630,322) | — | — |
| **Total Support, Revenues And Gains (Losses)** | 1,445,605 | (407,995) | (89,669) | 947,941 |
| **Expenses** | | | | |
| Academic partnerships | 226,064 | — | — | 226,064 |
| Student placement | 706,232 | — | — | 706,232 |
| Nonprofit partnerships | 103,696 | — | — | 103,696 |
| Alliance Management Institute | 141,646 | — | — | 141,646 |
| General and administrative | 503,274 | — | — | 503,274 |
| Fundraising | 136,913 | — | — | 136,913 |
| **Total Expenses** | 1,817,825 | — | — | 1,817,825 |
| **Decrease in Net Assets** | (372,220) | (407,995) | (89,669) | (869,884) |
| **Net Assets - Beginning Of Year** | 1,447,534 | 2,738,070 | 1,501,205 | 5,686,809 |
| **Net Assets - End Of Year** | $ 1,075,314 | $ 2,330,075 | $ 1,411,536 | $ 4,816,925 |

# NONPROFIT LEADERSHIP ALLIANCE

## STATEMENT OF CASH FLOWS
## For The Year Ended June 30, 2012

| | |
|---|---|
| **Cash Flows From Operating Activities** | |
| Decrease in net assets | $ (869,884) |
| Adjustments to reconcile decrease in net assets to net cash used in operating activities: | |
| Depreciation | 2,989 |
| Net realized/unrealized (gain)/loss on investments | 169,910 |
| Provision for losses on student loans | 520 |
| Changes in assets and liabilities: | |
| Decrease in accounts receivable | 14,006 |
| Decrease in unconditional promises to give | 6,149 |
| Increase in prepaid expenses and other assets | (4,779) |
| Increase in accounts payable | 44,223 |
| Decrease in deferred revenue | (221,500) |
| **Net Cash Used In Operating Activities** | (858,366) |
| **Cash Flows From Investing Activities** | |
| Purchase of investments | (3,323,603) |
| Proceeds from sale of investments | 3,420,026 |
| **Net Cash Provided By Investing Activities** | 96,423 |
| **Net Cash Provided By Financing Activities** | |
| Net borrowings from line of credit | 80,000 |
| **Net Decrease In Cash And Cash Equivalents** | (681,943) |
| **Cash And Cash Equivalents - Beginning Of Year** | 885,081 |
| **Cash And Cash Equivalents - End Of Year** | $ 203,138 |

## 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, 2012, cash equivalents consisted primarily of money market accounts.

The Organization maintains cash balances at banks in excess of federally insured limits at various times during the year. The Organization has not experienced any losses in such accounts.

### Receivables

Accounts receivable, loans to students and 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.

### 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.

### 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 unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support 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 Statement 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 $2,989 for the year ended June 30, 2012.

### Deferred Revenue

Deferred revenue represents amounts received, not yet earned, and contributions collected but not considered revenue until certain performance measurements are met.

### Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in a supplemental schedule 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 2009 and later remain subject to examination by taxing authorities.

### Subsequent Events

Management has evaluated subsequent events through February 12, 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, $230,500 was recognized as contribution revenue during the year ended June 30, 2012. 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, 2012, the Organization had collected all amounts due to it as part of the conditional promise; however, not all performance targets have been achieved. Subsequent to June 30, 2012, the Organization was granted additional time to utilize the funds and had until June 30, 2013 to allocate and distribute all remaining funds as part of program activities related to this conditional promise to give. At June 30, 2012, $229,500 of contributions were received in advance and classified as deferred revenue on the Statement of Financial Position; these amounts are recognized as contributions during the year that all conditions are met.

## 4. Investments And Assets Restricted For Permanent Investment

Investments as of June 30, 2012 consist of the following:

| | Cost | Fair Value |
|---|---|---|
| **Mutual Funds** | | |
| Mutual of America Equity Index Fund | $ 1,173,601 | $ 1,820,015 |
| **UMB Bank Investment Trust** | | |
| Money market funds | 116,153 | 116,153 |
| Common stocks and stock funds | 1,465,782 | 1,406,192 |
| Corporate bonds and bond funds | 965,374 | 979,126 |
| Fixed income funds | 75,000 | 74,213 |
| U.S. Government And Agency obligations | 967,639 | 973,178 |
| **Total UMB Bank Investment Trust** | 3,589,948 | 3,548,862 |
| | $ 4,763,549 | $ 5,368,877 |

## 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:

**Common Stocks, Corporate Bonds And U.S. Government Securities**

Valued at the closing price reported on the active market on which the individual securities are traded.

**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 comprised of mutual funds. The Organization values its interest in the trust based on the fair market value of the underlying mutual funds, which are valued at the NAV of shares held at year-end.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Money market funds | $ 116,153 | $ — | $ — | $ 116,153 |
| Mutual funds | | | | |
| International equity | 721,328 | — | — | 721,328 |
| Domestic small cap | 684,864 | — | — | 684,864 |
| Domestic index | 1,820,015 | — | — | 1,820,015 |
| Corporate bonds | 979,126 | — | — | 979,126 |
| Fixed Income Funds | 74,213 | — | — | 74,213 |
| U.S. Government and Agency Obligations | | | | |
| Government National Mortgage Association | 440,141 | — | — | 440,141 |
| Federal Home Loan Bank and Federal Farm Credit Bank | 400,939 | — | — | 400,939 |
| Treasury Notes | 132,098 | — | — | 132,098 |
| Beneficial interest in perpetual trust | — | — | 186,924 | 186,924 |
| Total assets at fair value | $ 5,368,877 | $ — | $ 186,924 | $ 5,555,801 |

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

| | 2012 |
|---|---|
| Beneficial interest in perpetual trust, beginning of year | $ 199,077 |
| Fees and distributions | (9,354) |
| Realized and unrealized gains (losses) | (2,799) |
| Beneficial interest in perpetual trust, end of year | $ 186,924 |

## 6. Line Of Credit

During 2012, the Organization entered into an agreement with a bank for a $350,000 line of credit, which matured on March 21, 2013 and was renewed through March 2014. The outstanding balance at June 30, 2012 is $80,000. Interest is payable monthly at a variable rate but not less than 2.75% (2.75% at June 30, 2012). The line of credit is secured by the investments held in the UMB Bank Investment Trust account (see Note 4).

## 7. Pension Plan And Retirement Commitments

The Organization participates in the defined contribution retirement program of the Teachers Insurance Annuity Association. 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 $11,273 for the year ended June 30, 2012 is included in general and administrative expenses in the accompanying financial statements. The Organization's policy is to fund pension costs as accrued. Under the plan, the Organization's maximum liability is limited to amounts actually contributed. There is no prior service liability.

## 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 $57,087 in 2012 and is included in general and administrative expenses in the accompanying financial statements.

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

| Year | Amount |
|---|---|
| 2013 | $ 64,023 |
| 2014 | 67,512 |
| 2015 | 67,512 |
| 2016 | 33,756 |
| | $ 232,803 |

## 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:

| | 2012 |
|---|---|
| Student scholarships and loans | $ 1,650,954 |
| AMI | 25,974 |
| Next Generation program | 565,624 |
| Time restricted - promises to give | 21,500 |
| Program enrichment | 66,023 |
| | $ 2,330,075 |

### Endowment Funds

The Organization follows the expanded disclosure requirements for 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, 2012 the net asset composition of the endowment was as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ — | $ 66,023 | $ 1,250,586 | $ 1,316,609 |
| Board-designated quasi endowment funds | 1,745,108 | — | — | 1,745,108 |
| | $ 1,745,108 | $ 66,023 | $ 1,250,586 | $ 3,061,717 |

The changes in the endowment net assets for the year ended June 30, 2012 are as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Beginning balance | $ 1,447,954 | $ 743,113 | $ 1,328,757 | $ 3,519,824 |
| Investment return | (27,356) | (20,639) | — | (47,995) |
| Amounts appropriated for spending | (79,465) | (59,953) | — | (139,418) |
| Other changes | 403,975 | (596,498) | (78,171) | (270,694) |
| Ending balance | $ 1,745,108 | $ 66,023 | $ 1,250,586 | $ 3,061,717 |

### 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 Endowment, Quasi-Endowment, and Financial Aid accounts in support of the Current Unrestricted Fund. Five percent of the 24 month trailing average market value of these investments is distributed to the Current Unrestricted Fund. 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 as follows:

| | 2012 |
|---|---|
| AMI | $ 49,421 |
| Next Generation program | 449,051 |
| Student scholarships and loans | 48,132 |
| Program enrichment | 59,953 |
| Time restricted - promises to give | 23,765 |
| | $ 630,322 |

## 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 $60,951 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. Income from the trust is recorded as unrestricted income because the donor restrictions will be satisfied in the same year that the income is recognized.

RubinBrown LLP
*Certified Public Accountants*
*& Business Consultants*

10975 Grandview Drive
Suite 600
Overland Park, KS 66210

**T** 913.491.4144
**F** 913.491.6821

**W** rubinbrown.com
**E** info@rubinbrown.com

## Independent Auditors' Report On Supplementary Information

We have audited the financial statements of Nonprofit Leadership Alliance as of and for the year ended June 30, 2012, and our report thereon dated February 12, 2014, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses, which is the responsibility of management, is presented for purposes of additional analysis and is 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

February 12, 2014

# NONPROFIT LEADERSHIP ALLIANCE

## SCHEDULE OF FUNCTIONAL EXPENSES
## For The Year Ended June 30, 2012

| | Program Services | | | | | Supporting Activities | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Academic Partnerships | Student Placement | Nonprofit Partnerships | AMI | Program Expense | General And Administrative | Fundraising | Supporting Expense | Total Expenses |
| Personnel expense | $ 146,761 | $ — | $ 77,946 | $ 523 | $ 225,230 | $ 380,275 | $ 115,188 | $ 495,463 | $ 720,693 |
| Professional fees | 7,943 | — | 4,220 | — | 12,163 | 8,936 | 3,723 | 12,659 | 24,822 |
| Computer service and maintenance | 7,421 | — | 3,416 | 500 | 11,337 | 7,703 | 3,014 | 10,717 | 22,054 |
| Depreciation | — | — | — | — | — | 2,989 | — | 2,989 | 2,989 |
| Insurance | 2,256 | — | 1,199 | — | 3,455 | 2,538 | 1,058 | 3,596 | 7,051 |
| Marketing and communications | 500 | — | — | — | 500 | 2,161 | — | 2,161 | 2,661 |
| Meetings | 609 | — | 534 | — | 1,143 | 2,446 | — | 2,446 | 3,589 |
| Dues and subscriptions | — | — | 125 | — | 125 | 2,917 | 180 | 3,097 | 3,222 |
| Supplies | 1,964 | — | 866 | — | 2,830 | 2,560 | 742 | 3,302 | 6,132 |
| Printing | 71 | — | 486 | — | 557 | 2,100 | — | 2,100 | 2,657 |
| Postage and shipping | 2,373 | — | 144 | 18 | 2,535 | 1,226 | 89 | 1,315 | 3,850 |
| Rent | 18,268 | — | 9,705 | — | 27,973 | 20,551 | 8,563 | 29,114 | 57,087 |
| Phone | 2,975 | — | 1,580 | — | 4,555 | 3,347 | 1,394 | 4,741 | 9,296 |
| Other expenses | 29,685 | — | 1,884 | — | 31,569 | 36,551 | 1,894 | 38,445 | 70,014 |
| Travel | 5,238 | — | 1,591 | 4,011 | 10,840 | 26,974 | 1,068 | 28,042 | 38,882 |
| Next Generation program | — | 706,232 | — | — | 706,232 | — | — | — | 706,232 |
| Management Institute | — | — | — | 136,594 | 136,594 | — | — | — | 136,594 |
| Total Expenditures | $ 226,064 | $ 706,232 | $ 103,696 | $ 141,646 | $ 1,177,638 | $ 503,274 | $ 136,913 | $ 640,187 | $ 1,817,825 |