NONPROFIT LEADERSHIP ALLIANCE

FINANCIAL STATEMENTS

JUNE 30, 2013

Contents

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Independent Auditors' Report

Board of Directors
Nonprofit Leadership Alliance
Kansas City, Missouri

Report On The Financial Statements

We have audited the financial statements of Nonprofit Leadership Alliance (the Organization) a not-for-profit organization, which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Leadership Alliance as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

RubinBrown LLP

April 28, 2014

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 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
Prepaid expenses and other assets	12,139	331	—	12,470
Total Current Assets	84,631	160,418	—	245,049
Property And Equipment				
Office equipment	8,968	—	—	8,968
Accumulated depreciation	(5,839)	—	—	(5,839)
Net Property And Equipment	3,129	—	—	3,129
Investments	1,745,108	2,373,183	1,250,586	5,368,877
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				
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
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 ACTIVITIES
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)
	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 Years Ended June 30, 2013	2012
Cash Flows From Operating Activities		
Increase (decrease) in net assets	**$ 237,920**	$ (869,884)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	**5,653**	2,989
Net realized/unrealized (gain) loss on investments	**(592,726)**	169,910
Provision for losses on student loans	**—**	520
Changes in assets and liabilities:		
Decrease in accounts receivable	**7,941**	14,006
Decrease in unconditional promises to give	**1,100**	6,149
(Increase) decrease in prepaid expenses and other assets	**8,421**	(4,779)
Increase (decrease) in accounts payable	**(511,314)**	44,223
Decrease in deferred revenue	**(200,700)**	(221,500)
Net Cash Used In Operating Activities	**(1,043,705)**	(858,366)
Cash Flows From Investing Activities		
Purchase of investments	**(1,911,072)**	(3,323,603)
Proceeds from sale of investments	**2,726,833**	3,420,026
Purchase of equipment	**(14,870)**	—
Net Cash Provided By Investing Activities	**800,891**	96,423
Net Cash Provided By Financing Activities		
Net borrowings from line of credit	**225,000**	80,000
Decrease In Cash And Cash Equivalents	**(17,814)**	(681,943)
Cash And Cash Equivalents - Beginning Of Year	**203,138**	885,081
Cash And Cash Equivalents - End Of Year	**$ 185,324**	$ 203,138

See the accompanying notes to financial statements.

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, 2013 and 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 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 $5,653 and $2,989 for the years ended June 30, 2013 and 2012, 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.

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 2010 and later remain subject to examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through April 28, 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 and $230,500 was recognized as contribution revenue during the years ended June 30, 2013 and 2012, respectively. 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 and 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. At June 30, 2013 and 2012, $0 and $229,500 of contributions, respectively, were received in advance and classified as deferred revenue on the statements of financial position; these amounts are recognized as contributions during the year that all conditions were met.

4. Investments

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

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	$ 145,459	$ 145,459	$ —
Mutual funds	2,750,177	3,914,332	1,164,155
Corporate bonds	343,795	333,380	(10,415)
Municipal bonds	74,675	72,911	(1,764)
U.S. Government And Agency obligations	671,125	673,709	2,584
	$ 3,985,231	$ 5,139,791	$ 1,154,560

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

	Cost	Fair Value	Unrealized Appreciation
Money market funds	$ 116,153	$ 116,153	$ —
Mutual funds	2,714,383	3,300,420	586,037
Corporate bonds	965,374	979,126	13,752
U.S. Government And Agency obligations	967,638	973,178	5,540
	$ 4,763,548	$ 5,368,877	$ 605,329

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 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, 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	$ 5,139,791	$ —	$ 192,975	$ 5,332,766

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
Fixed income	74,213	—	—	74,213
Corporate bonds	979,126	—	—	979,126
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

There have been no changes in the methodologies used at June 30, 2013 or 2012.

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

	2013	2012
Beneficial interest in perpetual trust, beginning of year	**$ 186,924**	$ 199,077
Fees and distributions	**(7,911)**	(9,354)
Realized and unrealized gains (losses)	**13,962**	(2,799)
Beneficial interest in perpetual trust, end of year	**$ 192,975**	$ 186,924

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 and 2012 is $305,000 and $80,000, respectively. Interest is payable monthly at a variable rate but not less than 2.75% (2.75% at June 30, 2013). The line of credit is secured by the certain investments held with the bank that issued the line of credit.

7. Defined Contribution Retirement Plan

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 $5,834 and $11,273 for the years ended June 30, 2013 and 2012, 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 $53,908 and $57,087 in 2013 and 2012, respectively.

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

Year	**Amount**
2014	$ 67,512
2015	67,512
2016	33,756
	$ 168,780

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:

	2013	2012
Student scholarships and loans	**$ 1,760,893**	$ 1,650,954
AMI	**32,025**	25,974
Next Generation program	**61,393**	565,624
Technology	**10,930**	—
Time restricted - promises to give	**20,000**	21,500
Program enrichment	**226,380**	66,023
	$ 2,111,621	$ 2,330,075

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, 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

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, 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	3,560,686
Amounts appropriated for spending	(70,144)	(52,920)	—	(123,064)
Ending balance	$ 1,960,656	$ 226,380	$ 1,250,586	$ 3,437,622

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)
	1,420,598	722,474	1,328,757	3,471,829
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:

	2013	2012
AMI	$ 24,471	$ 49,421
Next Generation program	753,881	449,051
Student scholarships and loans	41,136	48,132
Program enrichment	52,920	59,953
Technology	14,070	—
Time restricted - promises to give	1,500	23,765
	$ 887,978	$ 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 $60,950 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, 2013 and 2012, and our report thereon dated April 28, 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, 2013 and 2012, 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

April 28, 2014

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 Expense	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

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 Expenses	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 Expenses	$ 226,064	$ 706,232	$ 103,696	$ 141,646	$ 1,177,638	$ 503,274	$ 136,913	$ 640,187	$ 1,817,825