

**LA LECHE LEAGUE INTERNATIONAL**  
Raleigh, NC

Audited Financial Statements  
Years Ended March 31, 2023 and 2022



**La Leche League International**  
**Years Ended March 31, 2023 and 2022**  
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# Norton Collar Lund Lilley, PLLC

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## Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
of La Leche League International, Inc.

#### **Opinion**

We have audited the accompanying financial statements of La Leche League International, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Leche League International, Inc. as of March 31, 2023 and 2022, 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.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of La Leche League International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about La Leche League International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



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- Obtain an understanding of internal control relevant to the audit 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 La Leche League International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about La Leche League International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Emphasis of Matter**

As discussed in the Notes to the financial statements, The Company has adopted Financial Accounting Standards Board (FASB) No. 2014-09 Revenue from Contracts with Customers (Topic 606). This ASU issued replaced existing revenue recognition guidance in U.S. GAAP. This ASU requires expanding disclosures related to revenue and cash flows arising from contracts with customers. These changes have been adopted retroactively using the retrospective method.

*Norton Collar Lund Lilley, PLLC*

November 1, 2023

La Leche League International  
Statements of Financial Position  
March 31, 2023 and 2022

**EXHIBIT A**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents		
Demand deposits	\$ 91,770	\$ 200,792
Certificates of deposit	906,549	902,671
Money market mutual fund	1,024	1,000
Accounts receivable	7,660	6,375
Bequest receivable	672,626	-
Prepaid expenses	49,144	18,219
	<u>1,728,773</u>	<u>1,129,057</u>
<b>Other Assets</b>		
Restricted cash	12,000	12,000
Contract assets:		
Deferred contract costs	58,750	-
	<u>70,750</u>	<u>12,000</u>
	<u>\$ 1,799,523</u>	<u>\$ 1,141,057</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,765	\$ 9,441
	<u>3,765</u>	<u>9,441</u>
<b>Long-Term Liabilities</b>		
Contract liabilities:		
Deferred royalty revenue	125,000	-
	<u>125,000</u>	<u>-</u>
<b>Net Assets</b>		
Without donor-imposed restrictions	1,604,466	1,030,646
With donor-imposed restrictions	66,292	100,970
	<u>1,670,758</u>	<u>1,131,616</u>
	<u>\$ 1,799,523</u>	<u>\$ 1,141,057</u>

See accompanying notes to financial statements

La Leche League International  
Statements of Activities  
Years Ended March 31, 2023 and 2022

**EXHIBIT B**

	Without Restrictions		With Restrictions		Total	
	2023	2022	2023	2022	2023	2022
<b>Public Support and Revenues</b>						
DCE contributions	\$ 143,483	\$ 170,239	\$ -	\$ -	\$ 143,483	\$ 170,239
Contributions	897,354	247,579	1,120	3,567	898,474	251,146
Royalties, advertising, and other	37,254	65,728	-	-	37,254	65,728
Meetings and special events	397	91,043	-	-	397	91,043
Investment income, net of related expenses	4,042	503	-	-	4,042	503
Net assets released from donor restrictions	35,798	20,620	(35,798)	(20,620)	-	-
<b>Total Public Support and Revenues</b>	<u>1,118,328</u>	<u>595,712</u>	<u>(34,678)</u>	<u>(17,053)</u>	<u>1,083,650</u>	<u>578,659</u>
<b>Expenses</b>						
Program services	318,100	351,942	-	-	318,100	351,942
Management and general	150,931	129,317	-	-	150,931	129,317
Fundraising	75,477	59,935	-	-	75,477	59,935
<b>Total Expenses</b>	<u>544,508</u>	<u>541,193</u>	<u>-</u>	<u>-</u>	<u>544,508</u>	<u>541,193</u>
<b>Change in net assets</b>	573,820	54,519	(34,678)	(17,053)	539,142	37,466
<b>Net Assets at Beginning of Year</b>	<u>1,030,646</u>	<u>976,127</u>	<u>100,970</u>	<u>118,023</u>	<u>1,131,616</u>	<u>1,094,150</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,604,466</u>	<u>\$ 1,030,646</u>	<u>\$ 66,292</u>	<u>\$ 100,970</u>	<u>\$ 1,670,758</u>	<u>\$ 1,131,616</u>

See accompanying notes to financial statements

La Leche League International  
Statements of Cash Flows  
Years Ended March 31, 2023 and 2022

**EXHIBIT C**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 539,142	\$ 37,466
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Donated securities	-	(2,519)
Realized gain on sale of investments	-	21
Increase in contract costs	(58,750)	-
Increase in accounts receivable	(1,285)	(2,095)
Increase in promises to give	(672,626)	-
Increase in prepaid expenses	(30,925)	(4,701)
Increase (Decrease) in accounts payable	(5,676)	4,491
Increase in deferred revenues	125,000	-
Net cash provided (used) by operating activities	<u>(105,120)</u>	<u>32,663</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	-	2,498
Net cash provided by investing activities	<u>-</u>	<u>2,498</u>
Net increase (decrease) in cash	(105,120)	35,161
<b>Cash at beginning of year</b>	<u>1,116,463</u>	<u>1,081,302</u>
<b>Cash at end of year</b>	<u>\$ 1,011,343</u>	<u>\$ 1,116,463</u>

See accompanying notes to financial statements

La Leche League International  
Statement of Functional Expenses  
Year Ended March 31, 2023

**EXHIBIT D**

	Program Service Expenses				Total Program Service Expenses	Management and General	Fundraising	Total
	Governance of International Entities	Leader Accreditation and Education	Breastfeeding Support and Education	Conferences				
Management fees	\$ 120,852	\$ 8,271	\$ 63,061	\$ 3,141	\$ 195,325	\$ 120,433	\$ 33,222	\$ 348,980
Professional and contract services	5,768	9,151	30,111	-	45,030	12,250	23,177	80,457
Meeting expenses	3,605	-	-	-	3,605	-	-	3,605
Travel	3,774	-	-	-	3,774	-	-	3,774
Insurance	17,071	1,168	8,908	444	27,591	17,012	4,693	49,296
Information technology and website	16,321	7	16,977	3	33,308	102	28	33,438
Direct mail campaigns and public relations	-	-	-	1,071	1,071	-	-	1,071
Office supplies and expense	3,620	257	497	257	4,631	472	257	5,360
Taxes, licenses, and other fees	-	-	-	-	-	-	9,261	9,261
Printing and postage	-	-	-	-	-	172	3,625	3,797
Bank and merchant fees	-	-	1,215	-	1,215	490	1,214	2,919
Program expenses	-	-	2,550	-	2,550	-	-	2,550
	<u>\$ 171,011</u>	<u>\$ 18,854</u>	<u>\$ 123,319</u>	<u>\$ 4,916</u>	<u>\$ 318,100</u>	<u>\$ 150,931</u>	<u>\$ 75,477</u>	<u>\$ 544,508</u>

See accompanying notes to financial statements



La Leche League International  
Statement of Functional Expenses  
Year Ended March 31, 2022

**EXHIBIT E**

	Program Service Expenses				Total Program Service Expenses	Management and General	Fundraising	Total
	Governance of International Entities	Leader Accreditation and Education	Breastfeeding Support and Education	Conferences				
Management fees	\$ 141,578	\$ 7,653	\$ 23,473	\$ 49,967	\$ 222,671	\$ 105,287	\$ 41,007	\$ 368,965
Professional and contract services	4,426	13,261	29,470	-	47,157	12,060	-	59,217
Meeting expenses	1,800	-	-	28,257	30,057	-	-	30,057
Travel	1,778	-	-	-	1,778	-	-	1,778
Insurance	14,594	789	2,420	5,151	22,954	10,853	1,086	34,893
Information technology and website	11,227	-	8,063	-	19,290	-	-	19,290
Direct mail campaigns	-	-	-	1,563	1,563	-	-	1,563
Office supplies and expense	2,578	184	169	184	3,116	446	184	3,746
Taxes, licenses, and other fees	-	-	-	-	-	-	10,426	10,426
Printing and postage	-	-	-	-	-	265	4,877	5,142
Bank and merchant fees	-	-	2,356	-	2,356	345	2,355	5,056
Program expenses	-	-	1,000	-	1,000	-	-	1,000
Bad debt expense	-	-	-	-	-	60	-	60
	<u>\$ 177,982</u>	<u>\$ 21,887</u>	<u>\$ 66,951</u>	<u>\$ 85,122</u>	<u>\$ 351,942</u>	<u>\$ 129,317</u>	<u>\$ 59,935</u>	<u>\$ 541,193</u>

See accompanying notes to financial statements

La Leche League International  
Notes to Financial Statements  
Years Ended March 31, 2023 and 2022

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**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ORGANIZATION** - La Leche League International, Inc. (the Organization) was formed in 1956 and incorporated in 1958 under the laws of the State of Illinois. The Organization is a not-for-profit, nonsectarian membership organization whose purpose is to offer encouragement, information, and support to women who choose to breastfeed their children and, in doing so, to foster good mothering through breastfeeding. The major services provided to support members and others are educational in nature. Funding for these services is derived primarily from contributions, membership dues, and publication and product sales. The Organization's services and products are provided to members and others throughout the world.

In accordance with the Organization's policies and standing rules, individuals have formed various autonomous *Groups*, *Areas*, and *Area Networks* that are associated with the Organization. These entities contribute annual membership or network fees and agree to conduct their activities in accordance with the Organization's general bylaws and policies. Since the entities operate independently, their activities have not been included in these financial statements.

**PROGRAMS** - Programs of La Leche League International are as follows:

**Governance of International Entities** is a program through which the Organization works with volunteers globally to maintain resources and structure to support La Leche League Leader accreditation and provide breastfeeding support and education for parents locally.

**Leader Accreditation and Continuing Education** is a program through which the Organization promotes worldwide standards that enable LLL Leaders to provide mother-to-mother breastfeeding support locally. Accreditation is attained and maintained through reading, observing meetings, attending workshops, keeping up-to-date on the latest research, learning effective communication skills, and practicing addressing questions and handling challenging situations.

**Breastfeeding Support and Education for Parents** is a program that provides breastfeeding support and education for parents through books, quarterly online publications, social media activity, web resources, and online events.

**BASIS OF PRESENTATION** - The financial statement presentation follows the recommendations of the Financial Standards Board in its Accounting Standards Codification 958-205, Financial Statements of Not-for-Profit organizations. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor-imposed restrictions, and net assets without donor-imposed restrictions.

*Net assets without donor-imposed restrictions* are net assets available for use in general operations and are not subject to purpose- or time-related restrictions imposed by the original donor or grantor.

*Net assets with donor-imposed restrictions* are net assets that result from the receipt of donations or grants that have been restricted by the donor or grantor. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the occurrence of events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when the conditions are met; that is, when the specified time has elapsed or the specified purpose has been fulfilled, or both.

**BASIS OF ACCOUNTING** - The accompanying financial statements of La Leche League International, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

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

La Leche League International  
Notes to Financial Statements  
Years Ended March 31, 2023 and 2022

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**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**CONTRIBUTIONS** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as net assets with donor-imposed restrictions. When restrictions expire, net assets with donor-imposed restrictions are reclassified to net assets without donor-imposed restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor-imposed restrictions.

**CONTRIBUTIONS RECEIVABLE** - Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are due in more than one year are recorded at the present value of their estimated future cash flows. Amortization of the discount is included in contribution revenue. Contributions that are restricted by the donor are reported as increases in net assets without donor-imposed restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor-imposed restrictions. When a restriction expires, restricted net assets are reclassified to net assets without restrictions. Contributions receivable are considered fully collectible; accordingly, no allowance for doubtful accounts is required.

**ACCOUNTS RECEIVABLE** - Accounts receivable at March 31, 2022 and 2021 relate principally to amounts due for area network connection contributions. All accounts receivable are expected to be collected within one year. The Organization periodically evaluates the balances in the various aging categories as well as the status of any significant past due accounts to determine if any balances are uncollectible. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged to bad debt expense. The use of the direct write-off method differs from U.S. generally accepted accounting principles, which require that the allowance method be used; however, this difference is not considered to be material.

**CASH AND CASH EQUIVALENTS** - For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents. These include demand deposits, certificates of deposit, and money market mutual funds. Money market mutual funds at March 31, 2023 and 2022 were held in a government money market fund that primarily invests in cash, U.S. government securities, and/or fully-collateralized repurchase agreements.

**INCOME TAXES** - La Leche League International, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as a public charity and qualifies for deductible contributions under Section 170(b)(1)(A)(vi). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Income tax expense related to unrelated business income was \$0 for the years ended March 31, 2023 and 2022.

At March 31, 2023, the Organization has available a Federal net operating loss carryforward of \$37,582 to offset future taxable income. If not used, the carryforward will begin to expire in 2031. At this time, management does not expect to derive any future benefit from the net operating loss carryforward; therefore, no deferred tax benefit has been presented in the accompanying financial statements.

**INVESTMENTS** - Investments are initially recorded at cost if purchased or fair market value on the date of donation if donated. Thereafter, investments are reported at their fair market values on the Statement of Financial Position. Net investment income or loss consists of interest, dividends, realized gains/losses and unrealized gains/losses, and is reported net of related expenses in the Statement of Activities.

**DONATED SERVICES** - Organization members and directors donate significant time by serving on various committees and boards. No amounts have been reflected in these financial statement for volunteered time since the services performed do not meet the requirements for recognition in the financial statements.

La Leche League International  
Notes to Financial Statements  
Years Ended March 31, 2023 and 2022

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**FUNCTIONAL EXPENSES** - Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses, or expenses attributable to more than one function, have been allocated based on analysis of personnel time and effort utilized for the related activity. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

**REVENUE RECOGNITION** - The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. At March 31, 2023 and 2022, the Organization did not have any contributions that would be considered conditional.

The Organization also receives revenue from royalties on the sale of its intellectual property. These revenues fall within the scope of ASU 2014-19, *Revenue from Contracts with Customers*. The Organization recognizes royalty revenues in exchange for a license of intellectual property only when (or as) the later of the subsequent sale or usage occurring, or when the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied. When royalty advance payments are received, they are recorded as deferred revenue which is subsequently recognized as it is earned.

	<u>2023</u>	<u>2022</u>
Timing of Revenue Recognition		
Contract revenues recognized over time	\$ 37,254	\$ 39,689
	<u>\$ 37,254</u>	<u>\$ 39,689</u>

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

Cash is a financial instrument which potentially subjects the Organization to a concentration of credit risk. At times cash balances in these accounts exceed federally insured limits. At March 31, 2023, the Organization did not exceed federally insured limits.

**NOTE 3 - NET ASSETS**

Net assets without donor-imposed restrictions consisted of the following at March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Undesignated and available for operations	\$ 1,404,466	\$ 858,771
Board designated	200,000	171,875
	<u>\$ 1,604,466</u>	<u>\$ 1,030,646</u>

Net assets with donor-imposed time and purpose restrictions consisted of the following purposes at March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Major Gift Fund:		
Publications	\$ -	\$ 30,398
Leader accreditation materials	10,348	14,348
Webinar development	7,912	7,912
Total major gift fund	<u>18,260</u>	<u>52,658</u>
Breastfeeding awareness projects (Cy-Pres)	24,739	24,739
Leader accreditation development	5,550	5,550
Karin Gausman Fund (Leader scholarships)	5,743	4,623
Editor stipends	-	1,400
Total temporarily restricted net assets	<u>54,292</u>	<u>88,970</u>
Permanent endowment, earnings available for general operations	12,000	12,000
Total net assets with donor-imposed restrictions	<u>\$ 66,292</u>	<u>\$ 100,970</u>

La Leche League International  
Notes to Financial Statements  
Years Ended March 31, 2023 and 2022

**NOTE 5 - INVESTMENTS**

The Organization accounts for its investments under FASB ASC 958-320, "Accounting for Certain Investments Held By Not-For-Profit Organizations." ASC 958-320 requires investments held in equity securities to be measured at fair market value on the balance sheet date. Gains and losses are reported in the Statement of Activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Investments consist of primarily publicly-traded common stocks, and are stated at fair value based on quoted prices in active markets.

For the years ended March 31, 2023 and 2022, return on investments consisted of the following:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 4,042	\$ 524
Realized gain (loss) on sale of investments	-	(21)
Unrealized holding gains (losses)	-	-
	<u>\$ 4,042</u>	<u>\$ 503</u>

**NOTE 6 - FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

In accordance with the Fair Value Measurements and Disclosures topic of the Accounting Standards Codification, the Organization groups assets and liabilities measured at fair value into three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted prices for identical instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques.

In the determination of the classification of financial instruments in Level 2 or Level 3 of the fair value hierarchy, we consider all available information, including observable market data, indications of market liquidity and orderliness and our understanding of the valuation techniques and significant inputs used. For securities in inactive markets, the Organization uses a predetermined percentage to evaluate the impact of fair value adjustments derived from weighting both external and internal indications of value to determine if the instrument is classified as Level 2 or Level 3. Based upon the specific facts and circumstances of each instrument or instrument category, judgments are made regarding the significance of the Level 3 inputs to the instruments' fair value measurement in its entirety. If Level 3 inputs are considered significant, the instrument is classified as Level 3.

In accordance with the Fair Value Measurements and Disclosures topic of the Codification, the Organization bases fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, as prescribed in the fair value hierarchy.

La Leche League International  
Notes to Financial Statements  
Years Ended March 31, 2023 and 2022

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**NOTE 6 - FAIR VALUE MEASUREMENTS - continued**

In instances where there is limited or no observable market data, fair value measurements for assets and liabilities are based primarily upon the Organization's estimates or combination of estimates and independent vendor or broker pricing and the measurements are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future values.

At March 31, 2023 and 2022, the Organization did not have any assets measured at fair value.

**NOTE 7 - ENDOWMENT FUND**

The Organization's endowment fund provides long-term program support through annual earnings. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as applying to the Organization's endowment funds existing on or established after the law's enactment in 2009. Absent donor stipulations to the contrary, the provisions of UPMIFA do not impose either a permanent or temporary restriction on the capital appreciation or income derived from the original gifts.

For the years ended March 31, 2023 and 2022, the Organization has classified the original value of gifts donated to the permanent endowment as net assets with donor-imposed restrictions. Gains and losses will be reclassified as net assets without donor restrictions once amounts are appropriated for expenditure by the Organization in a manner consistent with the standards described in UPMIFA.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at March 31, 2023 and 2022.

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 governing board, the endowment assets will be invested in a manner that will, at a minimum, preserve and maintain the relative stability of the principal, with income the primary objective and growth secondary. Currently, the Organization's endowment net assets are maintained in an interest-bearing bank account, with the principal and income separately tracked within the Organization's accounting system.

The policy of the Organization, in accordance with UPMIFA, is to appropriate for expenditure so much of the endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established by the donor or donors. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

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**NOTE 7 - ENDOWMENT FUND - CONTINUED**

Endowment net assets included in net assets with donor restrictions totaled \$12,000 for the years ended March 31, 2023 and 2022.

**NOTE 8 - INCOME TAX UNCERTAINTY**

The Organization's Forms 990 or 990-T are not currently under examination by the Internal Revenue Service. The Organization's taxable years that are open for potential examination by the Internal Revenue Service and state departments of revenue are for the fiscal years ended March 31, 2023, 2022, 2021 and 2020. It is the Organization's policy to evaluate all tax positions to identify those that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the benefit of any uncertain tax position should be recognized in the financial statements. Any changes in the amount of a tax position are recognized in the period the change occurs. At this time, management does not expect to owe any taxes, interest or penalties on uncertain tax positions.

**NOTE 9 - RECLASSIFICATION**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations, total assets, liabilities, or net assets.

**NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

La Leche League International, Inc. has \$1,423,937 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of unrestricted cash of \$743,651, trade accounts receivable of \$7,660, and bequests receivable of \$672,626. The financial assets are presented net of cash restricted for specific purposes of \$55,692, a permanent endowment of \$12,000, and board-designated reserves of \$200,000. If considered necessary, the board can approve removing its designation on the reserve fund and make an additional \$200,000 available to meet cash needs.

The Organization's primary revenue sources are contributions from the general public and contributions from Direct Connect Entities. The Organization's investment policy directs management to regularly monitor liquidity so that it can meet current operating needs and other commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including demand deposits, certificates of deposit, and money market mutual funds. Certificates of deposit are generally purchased with staggered maturity dates based on the Organization's anticipated cash-flow needs. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to both its ongoing program activities and the services undertaken to support those activities to be general expenditures. The Organization also considers investment return and anticipated use of funds with restricted time and purpose restrictions when formulating its annual budget.

**NOTE 11 - RELATED PARTY TRANSACTIONS**

The Organization receives DCE Connection Contributions from the following Direct Connect Entities (DCEs), whose members elect the Organization's Board of Directors:

- LLL Alliance for Breastfeeding Education
- LLL Canada
- European Area Network
- LLL Great Britain
- International Area Network
- Ligue La Leche
- LLL New Zealand
- LLL United States

DCE Connection Contributions for the years ended March 31, 2023 and 2022 were \$143,483 and \$170,239, respectively.

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**NOTE 12 - ADOPTION OF NEW ACCOUNTING STANDARD**

In May of 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-19, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective April 1, 2021, the first day of the Organization's prior fiscal year, using the modified retrospective method.

The Organization's royalty revenue is recognized over time. Therefore, the adoption of this ASU did not have a significant impact on the Organization's financial statements. The Organization's royalties are paid biannually for all sales occurring in the previous six months. The timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No significant changes were required to previously reported revenues as a result of the adoption.

**NOTE 13 - SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions that occurred between March 31, 2023 and November 1, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.