

LA LECHE LEAGUE INTERNATIONAL
Raleigh, NC

Audited Financial Statements
Years Ended March 31, 2021 and 2020



La Leche League International
Years Ended March 31, 2021 and 2020
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Norton Collar Lund Lilley, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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 statement of financial position as of March 31, 2021 and 2020, 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, 2021 and 2020, 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, including omissions, 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.

- 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.

Norton Collar Lund Lilley, PLLC

September 29, 2021

La Leche League International
Statements of Financial Position
March 31, 2021 and 2020

EXHIBIT A

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents		
Demand deposits	\$ 260,048	\$ 273,363
Certificates of deposit	802,384	601,666
Money market mutual fund	6,870	1,456
Accounts receivable	4,280	27,066
Promises to give, net	-	402,153
Prepaid expenses	13,518	13,897
	<u>1,087,100</u>	<u>1,319,601</u>
Other Assets		
Restricted cash	12,000	12,000
	<u>12,000</u>	<u>12,000</u>
	<u>\$ 1,099,100</u>	<u>\$ 1,331,601</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 4,950	\$ 13,078
	<u>4,950</u>	<u>13,078</u>
Net Assets		
Without donor-imposed restrictions	976,127	841,501
With donor-imposed restrictions	118,023	477,022
	<u>1,094,150</u>	<u>1,318,523</u>
	<u>\$ 1,099,100</u>	<u>\$ 1,331,601</u>

See accompanying notes to financial statements.

La Leche League International
Statements of Activities
Years Ended March 31, 2021 and 2020

EXHIBIT B

	Without Restrictions		With Restrictions		Total	
	2021	2020	2021	2020	2021	2020
Public Support and Revenues						
Cost sharing fees and DCE contributions	\$ 153,364	\$ 204,560	\$ -	\$ -	\$ 153,364	\$ 204,560
Contributions	199,767	156,914	2,056	-	201,823	156,914
Royalties, advertising, and other	8,999	9,708	-	-	8,999	9,708
Meetings and special events	1,777	2,258	-	-	1,777	2,258
Investment income, net of related expenses	3,828	3,575	-	-	3,828	3,575
Net assets released from donor restrictions	361,055	351,287	(361,055)	(351,287)	-	-
Total Public Support and Revenues	<u>728,790</u>	<u>728,302</u>	<u>(358,999)</u>	<u>(351,287)</u>	<u>369,791</u>	<u>377,015</u>
Expenses						
Program services	313,085	482,828	-	-	313,085	482,828
Management and general	222,053	90,706	-	-	222,053	90,706
Fundraising	59,026	76,620	-	-	59,026	76,620
Total Expenses	<u>594,164</u>	<u>650,154</u>	<u>-</u>	<u>-</u>	<u>594,164</u>	<u>650,154</u>
Change in net assets	134,626	78,148	(358,999)	(351,287)	(224,373)	(273,139)
Net Assets at Beginning of Year	<u>841,501</u>	<u>763,353</u>	<u>477,022</u>	<u>828,309</u>	<u>1,318,523</u>	<u>1,591,662</u>
Net Assets at End of Year	<u>\$ 976,127</u>	<u>\$ 841,501</u>	<u>\$ 118,023</u>	<u>\$ 477,022</u>	<u>\$ 1,094,150</u>	<u>\$ 1,318,523</u>

La Leche League International
Statements of Cash Flows
Years Ended March 31, 2021 and 2020

EXHIBIT C

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (224,373)	\$ (273,139)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Donated securities	(202,734)	-
Realized gain on sale of investments	(2,675)	105
Unrealized gain on investments	-	58
Amortization of discount on promises to give	(10,648)	-
(Increase) Decrease in accounts receivable	22,786	(17,688)
Decrease in promises to give	412,801	-
Decrease in prepaid expenses	379	10,713
Decrease in accounts payable	(8,128)	(1,524)
Decrease in accrued expenses	-	(7,313)
Net cash used by operating activities	<u>(12,592)</u>	<u>(288,788)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	<u>205,409</u>	<u>870</u>
Net cash provided by investing activities	<u>205,409</u>	<u>870</u>
Net increase (decrease) in cash	192,817	(287,918)
Cash at beginning of year	<u>888,485</u>	<u>1,176,403</u>
Cash at end of year	<u><u>\$ 1,081,302</u></u>	<u><u>\$ 888,485</u></u>

La Leche League International
Statement of Functional Expenses
Year Ended March 31, 2021

EXHIBIT D

	Program Service Expenses				Management and General	Fundraising	Total
	Governance of International Entities	Leader Accreditation and Education	Breastfeeding Support and Education	Total Program Service Expenses			
Management fees	\$ 144,880	\$ 8,204	\$ 25,545	\$ 178,629	\$ 179,636	\$ 14,656	\$ 372,921
Professional and contract services	13,540	11,717	38,814	64,071	12,800	22,500	99,371
Meeting expenses	-	-	148	148	22	-	170
Insurance	28,423	-	-	28,423	-	-	28,423
Information technology and website	1,326	16	7,991	9,333	342	28	9,703
Direct mail campaigns	-	-	-	-	-	4,124	4,124
Office supplies and expense	3,417	249	249	3,915	249	249	4,413
Taxes, licenses, and other fees	-	-	-	-	-	14,056	14,056
Printing and postage	-	-	-	-	2,297	1,847	4,144
Bank and merchant fees	-	-	1,566	1,566	509	1,566	3,641
Program expenses	-	-	27,000	27,000	-	-	27,000
Bad debt expense	-	-	-	-	26,198	-	26,198
	<u>\$ 191,586</u>	<u>\$ 20,186</u>	<u>\$ 101,313</u>	<u>\$ 313,085</u>	<u>\$ 222,053</u>	<u>\$ 59,026</u>	<u>\$ 594,164</u>

La Leche League International
Statement of Functional Expenses
Year Ended March 31, 2020

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				
Management fees	\$ 196,193	\$ 106,278	\$ 41,369	\$ 343,840	\$ 71,678	\$ 34,482	\$ 450,000
Professional and contract services	9,072	13,773	31,996	54,841	16,800	3,600	75,241
Meeting expenses	225	5,080	-	5,305	23	-	5,328
Travel	34,579	-	-	34,579	-	-	34,579
Insurance	33,527	-	-	33,527	-	-	33,527
Information technology and website	23	13	7,654	7,690	8	21,875	29,573
Direct mail campaigns	-	-	-	-	-	4,518	4,518
Office supplies and expense	798	701	701	2,200	701	701	3,602
Taxes, licenses, and other fees	-	-	-	-	-	9,356	9,356
Printing and postage	-	-	-	-	512	1,241	1,753
Bank and merchant fees	-	-	846	846	984	847	2,677
	<u>\$ 274,417</u>	<u>\$ 125,845</u>	<u>\$ 82,566</u>	<u>\$ 482,828</u>	<u>\$ 90,706</u>	<u>\$ 76,620</u>	<u>\$ 650,154</u>

La Leche League International
Notes to Financial Statements
Years Ended March 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020 relate principally to amounts due for area network cost-sharing fees. 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, 2021 and 2020 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, 2021 and 2020.

At March 31, 2021, 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, 2021 and 2020

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.

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, 2021 the Organization exceeded federally insured limits by \$52,224.

NOTE 3 - PROMISES TO GIVE

On March 31, 2021, unconditional promises to give were as follows:

	<u>2021</u>	<u>2020</u>
Promises to give from individuals and others	\$ -	\$ 412,801
Less: Unamortized discount	-	(10,648)
Total promises to give - net	<u>\$ -</u>	<u>\$ 402,153</u>

Promises to give at March 31, 2021 and 2020 are reflected at the present value of the estimated future cash flows, using a discount rate of 2.65%.

NOTE 4 - NET ASSETS

Net assets without donor-imposed restrictions consisted of the following at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undesignated and available for operations	\$ 804,252	\$ 769,626
Board designated	171,875	71,875
	<u>\$ 976,127</u>	<u>\$ 841,501</u>

Net assets with donor-imposed time and purpose restrictions consisted of the following purposes at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Major Gift Fund:		
Management fees	\$ -	\$ 325,000
Publications	49,198	69,531
Leader accreditation materials	14,348	14,348
Webinar development	7,912	7,912
Less time value discount	-	(10,648)
Total major gift fund	<u>71,458</u>	<u>406,143</u>
Breastfeeding awareness projects (Cy-Pres)	25,559	50,749
Leader accreditation development	5,550	5,550
Karin Gausman Fund (Leader scholarships)	2,056	-
Editor stipends	1,400	1,400
800 Spanish line	-	1,180
Total temporarily restricted net assets	<u>\$ 106,023</u>	<u>\$ 465,022</u>
Permanent endowment, earnings available for general operations	12,000	12,000
Total net assets with donor-imposed restrictions	<u>\$ 118,023</u>	<u>\$ 477,022</u>

La Leche League International
Notes to Financial Statements
Years Ended March 31, 2021 and 2020

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, 2021 and 2020, return on investments consisted of the following:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 1,153	\$ 3,738
Realized gain (loss) on sale of investments	2,675	(105)
Unrealized holding gains (losses)	-	(58)
	<u>\$ 3,828</u>	<u>\$ 3,575</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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

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

La Leche League International
Notes to Financial Statements
Years Ended March 31, 2021 and 2020

NOTE 7 - ENDOWMENT FUND - continued

Endowment net assets included in net assets with donor restrictions totaled \$12,000 for the years ended March 31, 2021 and 2020.

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, 2021, 2020, 2019 and 2018. 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 \$869,098 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 \$864,818 and accounts receivable of \$4,280. The financial assets are presented net of cash restricted for specific purposes of \$32,609, a permanent endowment of \$12,000, and board-designated reserves of \$171,875.

The Organization's primary revenue sources are contributions and cost-sharing fees. 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 cost-sharing fees and/or 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

Cost-sharing fees and DCE Connection Contributions for the years ended March 31, 2021 and 2020 were \$153,364 and \$204,560, respectively.

NOTE 12 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between March 31, 2021 and September 29, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.