

**LA LECHE LEAGUE INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**March 31, 2010  
and for the Year Then Ended**

**LA LECHE LEAGUE INTERNATIONAL, INC.**

**Annual Financial Report**

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## Independent Auditor's Report

To the Board of Directors of  
La Leche League International, Inc.  
Schaumburg, IL

We have audited the accompanying statement of financial position of La Leche League International, Inc. (a non-profit organization) as of March 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the League's 2009 financial statements in which we expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Leche League International, Inc. as of March 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The attached schedule of expense by natural classification and schedule of program services expense are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, subject to our qualification on statement of activities, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Desmond & Ahern, Ltd.*

July 7, 2010  
Chicago, IL

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2010 (with comparative totals for 2009)**

	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>		
Current Assets		
Cash and equivalents	\$ 410,285	\$ 630,071
Investments	9,951	4,991
Accounts receivable, net of allowance of doubtful accounts of \$31,567 and \$39,506	122,207	83,734
Royalties receivable	138,660	381,260
Inventory	175,623	179,050
Prepaid expenses	27,553	21,385
Total current assets	<u>884,279</u>	<u>1,300,491</u>
Property, Office Equipment and Software Development		
Office and land	665,000	665,000
Office equipment, furniture and vehicle	344,651	279,578
Software development	1,305,133	1,184,925
	<u>2,314,784</u>	<u>2,129,503</u>
Less accumulated depreciation and amortization	(944,519)	(648,877)
Net property and equipment	<u>1,370,265</u>	<u>1,480,626</u>
Other Assets		
Cash and equivalents - restricted	10,202	10,146
<b>Total Assets</b>	<b><u>\$ 2,264,746</u></b>	<b><u>\$ 2,791,263</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities		
Accounts payable	\$ 262,189	\$ 363,147
Accrued liabilities	9,939	10,643
Deferred revenue	10,267	158,419
Total current liabilities	<u>282,395</u>	<u>532,209</u>
Net Assets		
Unrestricted		
General	1,307,424	1,744,544
Board designated	617,984	449,130
Total unrestricted net assets	<u>1,925,408</u>	<u>2,193,674</u>
Temporarily restricted	46,843	55,280
Permanently restricted	10,100	10,100
Total net assets	<u>1,982,351</u>	<u>2,259,054</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,264,746</u></b>	<b><u>\$ 2,791,263</u></b>

See independent auditor's report and notes to financial statements.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2010 (with comparative totals for 2009)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
<b><u>Revenues</u></b>					
Publications, net of discounts and returns of \$13,523 and \$23,763	\$ 485,035	\$ -	\$ -	\$ 485,035	\$ 681,029
Periodicals	34,522	-	-	34,522	84,534
Membership dues	594,083	-	-	594,083	334,727
Royalty income	327,044	-	-	327,044	541,345
Workshop and seminar fees	650	-	-	650	3,360
Miscellaneous	7,760	-	-	7,760	15,780
Contributions	327,429	48,920	-	376,349	434,722
In-kind contributions	-	6,331	-	6,331	17,960
Net assets released from restrictions	63,909	(63,909)	-	-	-
Total Revenues	<u>1,840,432</u>	<u>(8,658)</u>	<u>-</u>	<u>1,831,774</u>	<u>2,113,457</u>
<b><u>Expenses</u></b>					
Supporting Services					
Management and operations	420,257	-	-	420,257	482,353
Fundraising	216,323	-	-	216,323	247,550
Total Supporting Services	636,580	-	-	636,580	729,903
Program services	1,477,176	-	-	1,477,176	1,764,648
Total Expenses	<u>2,113,756</u>	<u>-</u>	<u>-</u>	<u>2,113,756</u>	<u>2,494,551</u>
<b>(Decrease) in Net Assets from Operations</b>	<u>(273,324)</u>	<u>(8,658)</u>	<u>-</u>	<u>(281,982)</u>	<u>(381,094)</u>
<b><u>Other Income</u></b>					
Interest income	5,058	221	-	5,279	14,543
Total Other Income	<u>5,058</u>	<u>221</u>	<u>-</u>	<u>5,279</u>	<u>14,543</u>
<b>Net (Decrease) in Net Assets</b>	(268,266)	(8,437)	-	(276,703)	(366,551)
<b><u>Net Assets</u></b>					
<b>Beginning of year</b>	<u>2,193,674</u>	<u>55,280</u>	<u>10,100</u>	<u>2,259,054</u>	<u>2,625,605</u>
<b>End of year</b>	<u>\$ 1,925,408</u>	<u>\$ 46,843</u>	<u>\$ 10,100</u>	<u>\$ 1,982,351</u>	<u>\$ 2,259,054</u>

See independent auditor's report and notes to financial statements.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2010 (with comparative totals for 2009)**

	<u>2010</u>	<u>2009</u>
<b><u>Operating Activities</u></b>		
Net (decrease) in net assets	\$ (276,703)	\$ (366,551)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	295,642	261,044
Donation of stock	(4,960)	(4,991)
Change in		
Accounts receivable	204,127	(225,964)
Inventory	3,427	19,375
Prepaid expenses and deposits	(6,168)	(11,053)
Accounts payable and accrued expenses	(101,662)	124,267
Deferred revenue	(148,152)	(18,194)
Net cash (used in) operating activities	<u>(34,449)</u>	<u>(222,067)</u>
<b><u>Investing Activities</u></b>		
Purchase of property, office equipment and software development	<u>(185,281)</u>	<u>(256,262)</u>
Net cash (used in) investing Activities	<u>(185,281)</u>	<u>(256,262)</u>
<b>Net (decrease) in dash and equivalents</b>	(219,730)	(478,329)
<b>Cash and equivalents, beginning of year</b>	<u>640,217</u>	<u>1,118,546</u>
<b>Cash and equivalents, end of year</b>	<u><u>\$ 420,487</u></u>	<u><u>\$ 640,217</u></u>
<b>As reflected on Statement of Financial Position</b>		
Current unrestricted assets	\$ 410,285	\$ 630,071
Other assets, restricted	<u>10,202</u>	<u>10,146</u>
	<u><u>\$ 420,487</u></u>	<u><u>\$ 640,217</u></u>

See independent auditor's report and notes to financial statements.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities and Organization

La Leche League International, Inc. (La Leche League) is an Illinois not-for-profit, nonsectarian membership organization. It was formed in 1956 for the purpose of offering encouragement, information and support to women who choose to breastfeed their babies and, in so doing, to foster good mothering through breastfeeding.

La Leche League has its international headquarters in Schaumburg, Illinois. The major services provided to support members and others are educational in nature. Funding for these services is derived primarily from publication and product sales, contributions and membership dues. La Leche League's services and products are provided to members and others throughout the world.

Individuals have formed various autonomous local groups which have associated with La Leche League. These groups are issued a certificate of affiliation, contribute annual membership fees and agree to conduct their affairs in accordance with the general bylaws of La Leche League. These groups operate independently and, therefore, the activity of such groups is not presented in the financial statement of La Leche League.

Basis of Accounting

The accounts are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities in conformity with accounting principles applicable to non-profit organizations.

Recent accounting pronouncements have addressed the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component is the requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporary restricted net assets until appropriated for expenditure. The object of the disclosures is to provide information so financial statement users can understand the net asset classification, net asset composition, changes in net asset compositions, spending policies and related investment policy pertaining to an organization's endowment funds.

Basis of Presentation

La Leche League reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, as required by Generally Accepted Accounting Principles (GAAP).

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (cont.)**

Use of Estimates

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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Functional Cost Allocation

The cost of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain administrative costs have been allocated among programs and supporting services.

Cash and Equivalents

For purposes of the combined Statement of Cash Flows, money market funds and certificates of deposit are considered cash equivalents.

Restricted cash relating to the endowment fund in Note 7 amounts to \$10,202 at March 31, 2010.

Investments

Investments are carried at fair value as determined by quoted market prices and consist of common stock.

Reclassifications

Certain items in the prior year financial statements have been reclassified to conform to the current year's presentation.

Description of Program and Supporting Services

The following program and supporting services are included in the financial statements:

***Publications*** include books, pamphlets, tear-off sheets and other educational materials that provide information about breastfeeding to parents as well as health care professionals. Also included are products related to breastfeeding, childbirth and parenting that La Leche League distributes through mail and online order sales.

***Periodicals*** include publishing one bimonthly and one quarterly magazine, one that provides information on breastfeeding for La Leche League members and the other that provides information and organizational background for La Leche League leaders who provide one-to-one support to mothers.



**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (cont.)**

***Leader Support*** the Leader, using her experience and La Leche League training, provides and facilitates mother-to-mother support. Leaders help mothers in person or on the phone, conduct monthly meetings, supervise the management of the group, and keep up-to-date on breastfeeding issues.

***External Relations and Advocacy*** this program nurtures the establishment of networking relationships with external agencies, private voluntary organizations and nongovernmental organizations who work in maternal/child healthcare, nutrition and community development to further breastfeeding support and information, as well as increase La Leche League visibility and credibility.

***Public Relations*** responds to the media, organizations, educational groups, health agencies, the general public and La Leche League membership regarding the mission, philosophy and position on breastfeeding issues. Press releases, web site information and other communiqués are used to accomplish these goals.

***Customer Service/Order Department*** enters catalog orders, answers questions and provides information on products and services offered by La Leche League to customers.

***Workshops and Seminars*** bring together parents, leaders, health care providers, peer counselors and the breastfeeding community from all over the world to educate them about breastfeeding, parenting and health issues. La Leche League is accredited to provide continuing medical education to physicians, continuing education to nurses and international board certified lactation consultants at conferences and seminars and workshops.

***Latch On*** is a project to provide a Web site as a linkage between various needs and resources. Leaders or La Leche League entities with needs post them on the website, and then those who have the resources (monetary or in-kind) have a vehicle through which to contribute to the organization.

***Management and General*** includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, and provide coordination and articulation of La Leche League's programs and mission, as well as the financial and budgetary responsibilities of La Leche League.

***Board of Directors*** establishes policy, governs the business and affairs of La Leche League and hires the Executive Director. The Board is comprised of no fewer than thirteen and no more than eighteen members from throughout the world. The Board meets twice a year and conducts business between meetings as necessary.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (cont.)**

*Fundraising* spring and fall appeals are conducted to individual donors. The Fundraising Director sends acknowledgements to donors, explores commercial relationships for the Organization and pursues financial support from foundations, governments and corporations.

Inventory

Inventory, which primarily consists of finished books on breastfeeding, is valued on the average cost basis.

Property, Office Equipment and Software Development

Property and equipment is recorded at historical cost. La Leche League capitalizes fixed asset additions over \$500. Depreciation is computed by use of the straight-line method for all property and equipment.

The estimated useful lives used in computing depreciation and amortization are as follows:

Office	40 years
Office equipment, furniture and vehicles	3 - 10 years
Software development	3 years

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions or property and equipment are included in the statement of activities.

Deferred Revenues

Deferred revenue includes membership fees, subscriptions, and workshop, seminar and biannual conference fees received in the current period which are applicable to a future period.

Contributions

Contributions are recognized when the donor makes a promise to give to La Leche League that is, in substance, unconditional. Promises to give payable over more than one year are recorded at present value. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions on permanently restricted contributions never expire; the assets must be invested in perpetuity.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (cont.)**

Income Taxes

La Leche League is a nonprofit organization which has been granted a tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code. La Leche League is required to pay Federal and State income taxes only on its net unrelated business income. For the year ended December 31, 2010, no tax provision was deemed necessary by management.

The tax exempt purpose of La Leche League and the nature in which it operates is described in the first paragraph of Note 1. La Leche League continues to operate in compliance with its tax exempt purpose and management's assessment is there are no uncertain tax positions. The annual information and income tax returns filed with the federal and state governments are subject to examination for the statutory period.

**Note 2 – Concentration of Credit Risk**

La Leche League maintains cash and cash equivalents in certain financial institutions. No amounts exceeded the federally insured limits at March 31, 2010.

**Note 3 – Fair Value Measurements and Investments**

Professional accounting standards defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in La Leche League's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

Professional accounting standards establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 3 – Fair Value Measurements (cont.)**

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs).

**Assets Measured on a Recurring Basis**

Assets measured at fair value on a recurring basis are summarized below:

	<u>Fair Value Measurements at March 31, 2010 Using</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate stocks	\$ 9,951	\$ -	\$ -
Certificates of deposit	-	10,202	-
	<u>\$ 9,951</u>	<u>\$ 10,202</u>	<u>\$ -</u>

The corporate stocks are reflected in the accompanying Statement of Financial Position as unrestricted investments of \$9,951 at March 31, 2010 and certificates of deposit are reflected as cash and cash equivalents, permanently restricted endowment of \$10,202 at March 31, 2010. Subsequent to year end, La Leche League liquidated the corporate stocks.

**Note 4 – Publication Royalty**

During the year ended March 31, 2009, the League entered into an agreement with Random House Publishing for the development and ultimate publication of three manuscripts. Revenue is being recognized by management as agreed-upon milestones are substantially met. If all milestones are met, the aggregate royalty could total \$600,000. As of March 31, 2010, \$250,000 was received pertaining to this agreement.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 5 – Deferred Revenue**

Deferred revenue at March 31, 2010 consists of:

Membership dues and subscriptions	\$ 267
Web advertising	10,000
	<u>\$ 10,267</u>

**Note 6 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes as of March 31, 2010:

Strategic projects	\$ 4
Leader accreditation development	431
CBI (reference library)	7,832
Latch On	1,520
Board training	471
Editor	2,404
External and advocacy project	255
Information systems project	57
Medela	21
LLI office/projects	29,977
800 Spanish Line	1,174
Miscellaneous restricted	2,697
	<u>\$ 46,843</u>

**Note 7 – Permanently Restricted Net Assets**

In July 1997, a donation of \$10,000 was received to establish an endowment fund. The investment income earned on the endowment fund is to be used to support general operating expenses.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 8 – Net Assets Released From Restrictions**

Net assets were released from donor restrictions during the year ended March 31, 2010 by incurring expenses satisfying the following restricted purposes specified by donors:

Board training	\$ 4,991
Book project	225
BPI fund	17,737
CBI (reference library)	1,600
Chaordic Initiative	134
Editor stipends	1,139
Executive Director	10,477
In-kind donations	6,300
LatchOn	1,867
Maternal Child Health	1,317
Medela grant	5,203
Office projects	6,693
Strategic	4,566
WABA	31
Worldwide Marketing and PR	1,021
Miscellaneous restricted	608
	\$ 63,909

**Note 9 – Lease, Other Commitments and Contingency**

La Leche League is the lessee of office equipment under several operating leases. There is also a contract for software maintenance and ongoing services related to the membership database.

Minimum future payments under operating leases and software agreement for each of the next five fiscal years are as follows:

<u>Year Ended March 31,</u>	<u>Amount</u>
2011	\$ 9,400
2012	9,173
2013	3,657
2014	1,131
Total	\$ 23,361

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2010**

**Note 10 – Volunteer Services**

No amounts have been reflected in the financial statements for donated services. La Leche League pays for most services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist La Leche League with specific assistance programs, mother to mother support, campaign solicitations and various committee assignments. The value of these services has not been included in the financial statements.

**Note 11 – Income Taxes**

La Leche League receives advertising revenues which are considered unrelated business income and are taxed on a net basis after related expenses. For the year ended March 31, 2010, a tax provision was not recorded since the taxes due were immaterial to the financial statements.

**Note 12 – Unrestricted Board Designated Funds**

The Board, in fiscal year ended March 31, 2010, designated \$617,984 in royalty revenue from the Lansinoh as an emergency fund. The royalty revenue is to be segregated and only to be used at the Board's discretion.

**Note 13 – Line of Credit**

The Organization is obligated for credit cards issued in its name. At March 31, 2010, the Organization's total available line of credit related to these credit cards is \$50,000, of which, \$11,985 was available at March 31, 2010.

**Note 14 – Global Business Model**

The League plays a critical role in the cohesion of the global La Leche League Community. In October 2008 the League's Board of Directors approved a business outline for moving forward. The League will focus on setting policies binding on all leaders of the community worldwide; will focus on the management of the La Leche League brand including oversight of the publishing of books and licensing and endorsement of products; will focus on the maintenance of leader recruitment, accreditation and education in multiple languages and cultural contexts; will focus on development of public information and education and the assessment and availability of medical and professional information.

The League will concentrate on the external revenue sources of donations, book royalties, brand licensing, royalties, and public book sales. The League has and will continue to pursue cost sharing arrangements with the La Leche League Global Community

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 15 – UPMIFA**

La Leche League’s endowment includes donor-restricted endowment funds. Net assets associated with La Leche League’s endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

La Leche League accounts for endowment net assets by preserving the fair value of the original give as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, La Leche League classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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 endowment 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 Illinois UPMIFA.

La Leche League 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 fund
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.

It is the policy of La Leche League to manage the endowment fund 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. The expectation is that 100% of the investments are held in cash and cash equivalents.

The endowment net asset composition by type of fund at March 31, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 46</u>	<u>\$ 56</u>	<u>\$ 10,100</u>	<u>\$ 10,202</u>



**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009**

**Note 15 – UPMIFA (cont.)**

Changes in endowment net assets for the fiscal year ending March 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 46	\$ -	\$ 10,100	\$ 10,146
Net asset reclassification based on change in law	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets after reclassification	46	-	10,100	10,146
Investment Return				
Investment income	-	56	-	56
Net appreciation (realized/unrealized)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	56	-	56
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 46</u>	<u>\$ 56</u>	<u>\$ 10,100</u>	<u>\$ 10,202</u>

**Note 16 – Subsequent Events**

For the year ended March 31, 2010, La Leche League's management has evaluated subsequent events through July 7, 2010, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed.

**SUPPLEMENTARY INFORMATION**

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION**  
**For the Year Ended March 31, 2010 (with comparative totals for 2009)**

	Program	Management and General	Fundraising	2010 Total	2009 Total
Personnel					
Salaries	\$ 408,876	\$ 134,124	\$ 86,845	\$ 629,845	\$ 808,145
Payroll taxes	18,504	9,287	5,966	33,757	52,973
Benefits	16,673	11,077	9,555	37,305	53,086
Total Salaries	444,053	154,488	102,366	700,907	914,204
Automotive	380	160	53	593	938
Bank fees	5,851	2,470	819	9,140	10,128
Building expenses	15,192	8,325	215	23,732	20,098
Charge card fees	10,668	-	4,580	15,248	22,311
Computer expense	-	-	-	-	2,799
Conference and workshop expense	-	-	-	-	1,712
Depreciation and amortization	189,257	79,908	26,477	295,642	261,044
Dues and subscriptions	10,110	188	3,055	13,353	17,350
Equipment rental, repairs and maintenance	26,592	11,228	3,720	41,540	76,876
Filing and license fees	-	25	-	25	50
General insurance	31,942	13,487	4,469	49,898	53,619
Latch On	-	1,718	-	1,718	23,272
Meals and lodging	54,481	13,312	5,083	72,876	94,976
Medela	-	1,608	-	1,608	19,461
Miscellaneous expense	3,057	1,285	428	4,770	2,142
Payroll service fees	2,312	976	323	3,611	3,627
Postage	68,329	13,593	7,814	89,736	134,235
Printing and copying	-	210	-	210	8,804
Professional services	25,397	5,626	25,348	56,371	56,807
Repairs and maintenance	100,324	42,360	14,035	156,719	140,746
Accounting fees	-	22,708	-	22,708	80,288
Legal	60,929	-	-	60,929	18,623
Promotional	4,566	-	5,430	9,996	7,956
Purchase expense	56,678	-	-	56,678	85,759
Supplies	11,628	5,168	1,747	18,543	18,809
Telephone	18,765	7,923	2,625	29,313	27,085
Travel and meetings	71,885	23,018	7,736	102,639	115,774
Unemployment	27,572	-	-	27,572	8,436
Utilities	18,522	10,412	-	28,934	28,615
Cost of goods sold	218,686	61	-	218,747	238,007
	<u>\$ 1,477,176</u>	<u>\$ 420,257</u>	<u>\$ 216,323</u>	<u>\$ 2,113,756</u>	<u>\$ 2,494,551</u>

See independent auditor's report and notes to financial statements.

**LA LECHE LEAGUE INTERNATIONAL, INC.**  
**SCHEDULE OF PROGRAM SERVICES EXPENSE**  
**For the Year Ended March 31, 2010 (with comparative totals for 2009)**

	<u>2010</u>	<u>2009</u>
Publications	\$ 716,391	\$ 806,376
Leader support	97,398	112,839
Conference/exhibits	68,612	67,092
External relations and advocacy	114,099	176,026
Public relations	50,963	89,395
Customer service/order department	212,578	230,071
Workshops and seminars	49,893	63,552
Breastfeeding education	117,719	170,676
Help line	49,523	48,621
	<u>\$ 1,477,176</u>	<u>\$ 1,764,648</u>

See independent auditor's report and notes to financial statements.