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LA LECHE LEAGUE INTERNATIONAL, INC.

Financial Statements

March 31, 2017

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Board of Directors
La Leche League International, Inc.
Raleigh, North Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of La Leche League International, Inc. (a not-for-profit organization), which comprise the statement of financial position as of March 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Leche League International, Inc. as of March 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Koonce, Wooten + Haywood, LLP

Raleigh, North Carolina
January 31, 2018

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham
3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

LA LECHE LEAGUE INTERNATIONAL, INC.
Statement of Financial Position
March 31, 2017

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$	300,391
Certificate of Deposit		11,723
Accounts Receivable		232,164
Promises to Give		296,437
Prepaid Expenses		22,530
Total Current Assets		863,245

OTHER ASSETS:

Investments at Fair Value		52,750
Cash Restricted for Permanent Endowment		12,000
Total Other Assets		64,750

Total Assets	\$	927,995
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$	7,889
Deferred Revenue		13,836
Total Current Liabilities		21,725

NET ASSETS:

Unrestricted		779,565
Temporarily Restricted		114,705
Permanently Restricted		12,000
Total Net Assets		906,270

Total Liabilities and Net Assets	\$	927,995
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The accompanying notes are an integral part of the financial statements.

LA LECHE LEAGUE INTERNATIONAL, INC.
Statement of Activities
For the Year Ended March 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CHANGES IN NET ASSETS:				
SUPPORT AND REVENUE:				
Contributions	\$ 287,501	\$ 3,000	\$ 1,000	\$ 291,501
Membership Dues--Area Networks	224,711			224,711
Meetings and Special Events	44,003			44,003
Royalties	36,917			36,917
Publications and Product Sales	26,009			26,009
Other Income	10,621			10,621
Net Investment Income	2,026			2,026
Loss on Sale of Property and Equipment	<u>(33,247)</u>			<u>(33,247)</u>
Subtotal	598,541	3,000	1,000	602,541
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	<u>1,181</u>	<u>(1,181)</u>		
 Total Revenue and Support	 <u>599,722</u>	 <u>1,819</u>	 <u>1,000</u>	 <u>602,541</u>
EXPENSES:				
Program Services:				
Governance of International Entities	236,939			236,939
Leader Accreditation and Continuing Education	216,349			216,349
Breastfeeding Support and Education for Parents	<u>180,777</u>			<u>180,777</u>
Total Program Services	<u>634,065</u>			<u>634,065</u>
Support Services:				
Management and General	163,960			163,960
Development	<u>140,663</u>			<u>140,663</u>
Total Support Services	<u>304,623</u>			<u>304,623</u>
 Total Expenses	 <u>938,688</u>			 <u>938,688</u>
CHANGES IN NET ASSETS	(338,966)	1,819	1,000	(336,147)
NET ASSETS--Beginning of Year	<u>1,118,531</u>	<u>112,886</u>	<u>11,000</u>	<u>1,242,417</u>
NET ASSETS--End of Year	<u>\$ 779,565</u>	<u>\$ 114,705</u>	<u>\$ 12,000</u>	<u>\$ 906,270</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

LA LECHE LEAGUE INTERNATIONAL, INC.
Statement of Functional Expenses
For the Year Ended March 31, 2017

	Program Services		
	Governance of International Entities	Leader Accreditation and Continuing Education	Breastfeeding Support and Education for Parents
Management Fees	\$ 145,980	\$ 102,464	\$ 93,032
Professional and Contract Services	16,561	8,432	46,085
Meeting and Special Event Expenses	4,344	105,287	
Insurance	39,945		
Travel	25,827		
Product and Publication Cost			23,824
Information Technology and Website	799		14,548
Office Supplies and Expense	198		626
Taxes, Licenses, and Other Fees	2,982		
Direct Mail Campaign			
Printing and Postage			
Bank and Merchant Fees			2,047
Telephone and Internet Services	303	166	615
Dues and Subscriptions			
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 236,939</u>	<u>\$ 216,349</u>	<u>\$ 180,777</u>

The accompanying notes are an integral part of the financial statements.

Support Services				
Total Program Services	Management and General	Development	Total Support Services	Total Expenses
\$ 341,476	\$ 127,013	\$ 87,272	\$ 214,285	\$ 555,761
71,078	16,634	24,857	41,491	112,569
109,631				109,631
39,945				39,945
25,827	1,034		1,034	26,861
23,824				23,824
15,347		6,681	6,681	22,028
824	15,364		15,364	16,188
2,982		7,842	7,842	10,824
		6,684	6,684	6,684
	2,394	3,431	5,825	5,825
2,047	981	2,047	3,028	5,075
1,084	540	391	931	2,015
		1,458	1,458	1,458
<u>\$ 634,065</u>	<u>\$ 163,960</u>	<u>\$ 140,663</u>	<u>\$ 304,623</u>	<u>\$ 938,688</u>

LA LECHE LEAGUE INTERNATIONAL, INC.
Statement of Cash Flows
For the Year Ended March 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in Net Assets	\$ (336,147)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:	
Donated Investments	(51,547)
Realized Gain on Sale of Investments	(102)
Unrealized Holding Gain on Investments	(182)
Loss on Disposal of Property and Equipment	33,247
Amortization of Discount on Promises to Give	(25,722)
Increase in Inventory Allowance	6,022
Contributions Restricted to Permanent Endowment	(1,000)
Changes in Assets and Liabilities:	
Accounts Receivable	(220,432)
Promises to Give	152,291
Prepaid Expenses	32,586
Inventory	3,389
Accounts Payable	(43,713)
Deferred Revenue	12,557
Net Cash Used by Operating Activities	<u>(438,753)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Disposal of Property and Equipment	287,502
Purchases of Investments	(919)
Net Cash Provided by Investing Activities	<u>286,583</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions Restricted to Permanent Endowment	1,000
Net Cash Provided by Investing Activities	<u>1,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(151,170)
CASH AND CASH EQUIVALENTS--Beginning of Year	<u>463,561</u>
CASH AND CASH EQUIVALENTS--End of Year	<u><u>\$ 312,391</u></u>
SUMMARY OF CASH AND CASH EQUIVALENTS:	
Cash and Cash Equivalents	\$ 300,391
Cash Restricted for Permanent Endowment	12,000
	<u><u>\$ 312,391</u></u>

The accompanying notes are an integral part of the financial statements.

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

1. Organization and Summary of Significant Accounting Policies

A. Organization and Purpose:

La Leche League International, Inc. (Organization), a not-for-profit, nonsectarian membership organization, was formed in 1958 for the purpose of offering encouragement, information, and support to women who choose to breastfeed their babies 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 (network) 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.

B. Basis of Presentation:

The accompanying financial statements have, in all material respects, been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles. Net assets and support, revenues, expenses, gains, and losses are classified based on the existence or absence of externally imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets--Net assets that are not subject to externally imposed restrictions. Certain net assets classified as unrestricted may, from time-to-time, be designated for specific purposes or uses under various internal operating budgets or for board-designated purposes.

Temporarily Restricted Net Assets--Net assets subject to externally imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets--Net assets subject to externally imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes.

C. Program Services:

Governance of International Entities

The Organization works with volunteers globally to maintain resources and structure to support La Leche League (LLL) Leader accreditation and provide breastfeeding support and education for parents locally.

Leader Accreditation and Continuing Education

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

The Organization provides breastfeeding support and education for parents through its books, quarterly online publications, social media, website, and online events.

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

1. Organization and Summary of Significant Accounting Policies (Continued)

D. Restricted and Unrestricted Support:

Contributions of cash and other assets are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any externally imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

Contributions designated by the donor as endowment are classified as permanently restricted in perpetuity unless the donor has provided an endowment for a term of years. Investment return on endowments is used only for the purpose specified by the donor in making the contribution for endowment.

E. Cash Equivalents:

For financial statement purposes, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

F. Accounts Receivable:

Accounts receivable as of March 31, 2017 relate principally to amounts due to the Organization for area network fees as well as amounts due under royalty agreements. 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 directly against earnings. 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.

G. Promises to Give:

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. All unconditional promises to give 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 a specific purpose are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Unconditional promises to give that are due in more than a year are recorded at the present value of their estimated future cash flows. Amortization of the discount is included in contribution revenue.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met.

H. Investments:

Investments are reported at fair value, which is based on quoted market prices when available. Gains and losses are determined using the specific identification method.

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

1. Organization and Summary of Significant Accounting Policies (Continued)

I. Deferred Revenue:

During the year ended March 31, 2017, the Organization collected conference registration fees for an event that was held subsequent to year-end. As such, the fees collected were recorded as deferred revenue and will be recognized as revenue once the event has been held.

J. Donated Services:

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

K. Functional Allocation of Expenses:

The costs of providing the various programs and support services of the Organization have been summarized on a functional basis in the statement of functional expenses. Management and general expenses include administrative expenses that are not directly identifiable with any specific program but provide support for the Organization's overall operations. Certain costs have been allocated among the programs and support services benefited on the basis of time records and estimates made by management.

L. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions are used for, but not limited to, the fair value of investments, discount to net present value for promises to give, valuation of investments, and the allocation of costs by function.

M. Income Taxes:

The Organization is exempt from Federal and state income taxes and is classified as a public charity under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contributions deduction and has been classified as an organization other than a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization's primary activity subject to taxation is advertising revenue. Income tax expense related to unrelated business income was \$0 for the year ended March 31, 2017. The Organization has available a Federal net operating loss carryforward of approximately \$37,600 to offset future taxable income.

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.

The Organization files its Form 990 series tax returns in the U.S. Federal jurisdiction and with several state departments of revenue. These returns are subject to examination by the Internal Revenue Service for a period of three years after the respective filing deadlines. In addition, the Organization's state tax returns for the same years are subject to examination by state tax authorities for similar time periods.

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

2. Promises to Give

At March 31, 2017, unconditional promises to give from individuals and others totaled \$296,437. Since these promises to give were due in less than a year, no unamortized discount remained from the original promises to give. As such, amortization of the discount, which was \$25,722 at the beginning of the fiscal year, was included in contribution revenue for the year ended March 31, 2017.

3. Investments

Investments are stated at fair value and consist of the following at March 31, 2017:

	Fair Value	Historical Cost
Mutual Funds	\$ 51,683	\$ 51,449
Equity Securities	<u>1,067</u>	<u>1,119</u>
	<u>\$ 52,750</u>	<u>\$ 52,568</u>

Net investment income for the year ended March 31, 2017, including interest earned on cash and cash equivalents, consisted of the following:

Interest and Dividends	\$ 1,742
Realized Gain on Sale of Investments	102
Unrealized Holding Gain on Investments	<u>182</u>
Net Investment Income	<u>\$ 2,026</u>

4. Fair Value Measurements

The Organization follows FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, as amended, with respect to fair value measurements of its financial assets and financial liabilities. This standard defines fair value as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The hierarchy is broken down into three levels. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

4. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for the Organization's assets measured at fair value in the accompanying financial statements. There have been no changes in the methodologies used during the year ended March 31, 2017.

- ***Mutual Funds (Shares of Registered Investment Companies)***

These investment vehicles are valued using the net asset value (NAV) provided by the administrator of the funds. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

- ***Equity Securities***

Investments in equity securities include shares of publicly traded common stocks. Closing stock prices are readily available from active markets and are considered to be representative of fair value. These investments have been classified within Level 1 of the valuation hierarchy.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with ASC 820, the table below includes the major categorization for investments on the basis of the nature and risk of the investments at March 31, 2017:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>3/31/2017</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 51,683	\$ 51,683	\$	\$
Equity Securities	<u>1,067</u>	<u>1,067</u>	<u> </u>	<u> </u>
Total Assets Reported at Fair Value	\$ <u>52,750</u>	\$ <u>52,750</u>	\$ <u> </u>	\$ <u> </u>

5. Unrestricted Net Assets

The Organization has designated certain unrestricted net assets for specific purposes or uses. Unrestricted net assets consist of the following at March 31, 2017:

Board-Designated-Reserve from Sale of Property and Equipment	\$
137,502	
Unrestricted and Undesignated	<u>642,063</u>
	\$ <u>779,565</u>

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

6. Temporarily Restricted Net Assets

At March 31, 2017, temporarily restricted net assets are available for the following purposes:

Cy-Pres - Breastfeeding Awareness Projects	\$ 50,749
Isdell-Zambia Projects	38,050
Leader Accreditation Development	19,018
Medela	2,489
General	1,819
Editor Stipends	1,400
800 Spanish Line	1,180
	<u>\$ 114,705</u>

7. Permanently Restricted Net Assets

At March 31, 2017, permanently restricted net assets consisted of an endowment fund and totaled \$12,000. Income earned is available to support the Organization's general operations.

8. Endowment Fund

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

Interpretation of Relevant Law

The governing body has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was enacted by law in 2009 in both the State of Illinois and the State of North Carolina, as applying to the Organization's endowment funds existing on or established after the date enacted. Absent donor stipulations to the contrary, the provisions of UPMIFA do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gifts.

For the year ended March 31, 2017, the Organization has classified as permanently restricted net assets the original value of gifts donated to the permanent endowment. Gains and losses will be classified as unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards of prudence described in UPMIFA.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at March 31, 2017.

Policy for Investment of Endowment Funds and Investment Return Objectives and Strategies

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.

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

8. Endowment Fund (Continued)

Policy for Appropriation from Endowment Funds

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 effect 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

Changes in endowment net assets for the year ended March 31, 2017 were as follows:

Endowment Net Assets--Beginning of Year	\$	11,000
Contributions		1,000
Appropriation of Endowment Assets for Expenditure		<u> -</u>
Endowment Net Assets--End of Year	\$	<u> 12,000</u>

9. Concentrations

Cash Balances

The Organization maintains several interest-bearing accounts in a financial institution located in Raleigh, North Carolina. Balances in these accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2017, the Organization's cash balances in these accounts were fully insured. The Organization's certificate of deposit held by a financial institution in Chicago, Illinois was also fully insured at March 31, 2017.

Investments

The Organization's investments in marketable securities are insured against certain acts through coverage provided by the Securities Investor Protection Corporation. Investment securities, in general, are exposed to various risks such as interest rate risk, credit risk, foreign currency risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Organization's financial statements.

Major Donors

During the year ended March 31, 2017, approximately 19% of the contributions reported by the Organization were received from a single donor who also served on the Organization's board of directors.

LA LECHE LEAGUE INTERNATIONAL, INC.
Notes to Financial Statements
March 31, 2017

10. Commitments

The Organization utilizes the services of an independent company, IMI Association Executives Inc. (IMI), for the management of its activities. The management company invoices the Organization for management fees, travel, office, and other expenses that it incurs on the Organization's behalf. Management fees paid to IMI under this contract totaled \$303,500 for the year ended March 31, 2017. The Organization's current contract with IMI covers the period from April 1, 2017 through March 31, 2018 and provides for annual compensation of \$450,000. Additional management contract fees totaling approximately \$252,300 were paid to the Organization's former management company during the year ended March 31, 2017. This amount included amounts charged for basic management services plus additional staff support charges.

In 2017, the Organization received royalties under an agreement with LZG, Inc. Under the terms of the agreement, the Organization receives a commission based on a percentage of net product royalty revenues. The percentage in effect for the year ended March 31, 2017 and future periods is 20 percent. The Organization's royalties in connection with this agreement totaled approximately \$33,500 for the year ended March 31, 2017.

11. Recently Issued Accounting Pronouncements

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This guidance will require entities to show the change in total cash and restricted cash in the statement of cash flows. As a result, entities will no longer present transfers between cash and restricted cash in the statement of cash flows. The new guidance will require a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. Entities will also have to disclose the nature of their restricted cash balances. For the Organization, this standard is effective for the fiscal year beginning in April 2019. Early adoption is permitted.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, amending ASC 958. This update changes the presentation of certain information in the financial statements and footnote disclosures of not-for-profit (NFP) entities. The update also changes the way that NFP entities classify net assets. The new guidance is effective for the Organization for the fiscal year beginning on April 1, 2018.

12. Subsequent Events

The Organization evaluated its March 31, 2017 financial statements for subsequent events through January 31, 2018, which is the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.