

National Consumers League, Inc.

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023



National Consumers League, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The National Consumers League, Inc.
Washington, D.C.

We have audited the financial statements of The National Consumers League, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of The National Consumers League, Inc. as of December 31, 2024 and 2023, 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 The National Consumers League, Inc. (the League) 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 the League's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, sans-serif font to the right.

Columbia, Maryland
April 30, 2025

NATIONAL CONSUMERS LEAGUE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 5,989,313	\$ 5,276,363
Grants and contributions receivable	625,595	432,118
Prepaid expenses	92,991	92,578
Investments	1,740,287	1,264,941
Deposits	6,744	6,744
Other assets	18,310	27,547
Property and equipment, net	79,868	85,718
Right-of-use asset - operating, net	<u>1,037,998</u>	<u>1,228,464</u>
 Total assets	 <u><u>\$ 9,591,106</u></u>	 <u><u>\$ 8,414,473</u></u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 314,614	\$ 195,841
Lease liability - operating	<u>1,187,883</u>	<u>1,389,666</u>
 Total liabilities	 <u>1,502,497</u>	 <u>1,585,507</u>
 NET ASSETS		
Net assets without donor restrictions	5,536,171	5,963,167
Net assets with donor restrictions	<u>2,552,438</u>	<u>865,799</u>
 Total net assets	 <u>8,088,609</u>	 <u>6,828,966</u>
 Total liabilities and net assets	 <u><u>\$ 9,591,106</u></u>	 <u><u>\$ 8,414,473</u></u>

NATIONAL CONSUMERS LEAGUE, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Grants and contributions	\$ 289,560	\$ 4,095,500	\$ 4,385,060	\$ 110,977	\$ 2,210,978	\$ 2,321,955
Membership dues	367,923	-	367,923	540,600	-	540,600
Trumpeter Awards Dinner	1,031,975	-	1,031,975	900,967	-	900,967
Interest income	82,180	-	82,180	68,887	-	68,887
Investment income, net	112,398	-	112,398	88,942	-	88,942
Net assets released from restrictions	2,408,861	(2,408,861)	-	2,085,138	(2,085,138)	-
Total revenue and support	4,292,897	1,686,639	5,979,536	3,795,511	125,840	3,921,351
Expenses						
Program services:						
Consumer health education	528,161	-	528,161	753,269	-	753,269
Public education	1,459,956	-	1,459,956	994,644	-	994,644
LifeSmarts program	922,989	-	922,989	690,300	-	690,300
Fraud center	422,200	-	422,200	413,853	-	413,853
Fair labor	173,620	-	173,620	169,374	-	169,374
Total program services	3,506,926	-	3,506,926	3,021,440	-	3,021,440
Supporting services:						
Management and general	527,684	-	527,684	510,953	-	510,953
Fundraising	685,283	-	685,283	594,516	-	594,516
Total supporting services	1,212,967	-	1,212,967	1,105,469	-	1,105,469
Total expenses	4,719,893	-	4,719,893	4,126,909	-	4,126,909
Change in Net Assets	(426,996)	1,686,639	1,259,643	(331,398)	125,840	(205,558)
Net Assets, Beginning of Year	5,963,167	865,799	6,828,966	6,294,565	739,959	7,034,524
Net Assets, End of Year	\$ 5,536,171	\$ 2,552,438	\$ 8,088,609	\$ 5,963,167	\$ 865,799	\$ 6,828,966

See notes to financial statements.

NATIONAL CONSUMERS LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2024

	Program Services					Supporting Services				
	Consumer Health Education	Public Education	LifeSmarts Program	Fraud Center	Fair Labor	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Personnel costs:										
Salaries	\$ 217,633	\$ 677,037	\$ 285,777	\$ 299,995	\$ 123,190	\$ 1,603,632	\$ 244,480	\$ 343,345	\$ 587,825	\$ 2,191,457
Payroll taxes	16,936	52,815	22,233	23,454	9,625	125,063	19,085	26,925	46,010	171,073
Employee benefits	34,438	106,332	46,904	47,916	19,983	255,573	28,093	56,498	84,591	340,164
Total personnel costs	269,007	836,184	354,914	371,365	152,798	1,984,268	291,658	426,768	718,426	2,702,694
Depreciation and amortization	3,638	11,053	4,894	5,040	2,064	26,689	3,116	5,848	8,964	35,653
Hotel, catering, and events	9,900	19,558	299,966	3,650	636	333,710	37,912	93,880	131,792	465,502
Insurance	4,176	8,324	6,230	3,062	1,487	23,279	4,722	3,980	8,702	31,981
Occupancy	22,555	68,371	30,384	31,221	12,799	165,330	13,684	36,212	49,896	215,226
Office expenses	10,711	19,678	18,633	1,020	1,013	51,055	28,593	10,741	39,334	90,389
Professional fees	200,759	484,376	57,963	3,152	90	746,340	145,414	100,413	245,827	992,167
Scholarships and stipends	4,600	-	130,127	-	-	134,727	200	-	200	134,927
Telecommunications	2,201	6,558	2,937	3,018	1,241	15,955	2,385	3,513	5,898	21,853
Travel	614	5,854	16,941	672	1,492	25,573	-	3,928	3,928	29,501
Total expenses	<u>\$ 528,161</u>	<u>\$ 1,459,956</u>	<u>\$ 922,989</u>	<u>\$ 422,200</u>	<u>\$ 173,620</u>	<u>\$ 3,506,926</u>	<u>\$ 527,684</u>	<u>\$ 685,283</u>	<u>\$ 1,212,967</u>	<u>\$ 4,719,893</u>

NATIONAL CONSUMERS LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	Program Services					Supporting Services				
	Consumer Health Education	Public Education	LifeSmarts Program	Fraud Center	Fair Labor	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Personnel costs:										
Salaries	\$ 150,271	\$ 530,934	\$ 224,714	\$ 289,551	\$ 114,779	\$ 1,310,249	\$ 213,002	\$ 316,118	\$ 529,120	\$ 1,839,369
Payroll taxes	11,386	39,994	17,005	21,915	8,684	98,984	16,027	23,900	39,927	138,911
Employee benefits	26,492	93,526	39,793	51,031	20,504	231,346	36,864	56,083	92,947	324,293
Total personnel costs	188,149	664,454	281,512	362,497	143,967	1,640,579	265,893	396,101	661,994	2,302,573
Depreciation and amortization	3,792	13,299	5,676	7,297	2,886	32,950	5,215	7,985	13,200	46,150
Hotel, catering, and events	9,275	7,601	173,548	34	1,437	191,895	4,242	75,797	80,039	271,934
Insurance	3,239	8,672	4,538	3,768	1,532	21,749	2,754	4,836	7,590	29,339
Occupancy	17,819	62,435	26,613	34,209	13,537	154,613	24,449	37,430	61,879	216,492
Office expenses	8,667	10,300	9,509	279	2,423	31,178	25,981	13,941	39,922	71,100
Professional fees	513,941	210,852	59,220	2,490	518	787,021	179,204	50,220	229,424	1,016,445
Scholarships and stipends	4,250	-	111,466	-	-	115,716	830	963	1,793	117,509
Telecommunications	1,735	5,954	2,745	3,259	1,284	14,977	2,385	3,562	5,947	20,924
Travel	2,402	11,077	15,473	20	1,790	30,762	-	3,681	3,681	34,443
Total expenses	<u>\$ 753,269</u>	<u>\$ 994,644</u>	<u>\$ 690,300</u>	<u>\$ 413,853</u>	<u>\$ 169,374</u>	<u>\$ 3,021,440</u>	<u>\$ 510,953</u>	<u>\$ 594,516</u>	<u>\$ 1,105,469</u>	<u>\$ 4,126,909</u>

NATIONAL CONSUMERS LEAGUE, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,259,643	\$ (205,558)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	35,653	46,150
Loss from disposals of property	-	1,295
Amortization of right-of-use asset - operating	190,466	187,410
Realized gains on investments	(20,733)	(6,354)
Unrealized gains on investments	(45,633)	(58,381)
Decreases (increases) in assets:		
Grants and contributions receivable	(193,477)	(288,009)
Prepaid expenses	(413)	(15,622)
Other assets	9,237	-
Increases (decreases) in liabilities:		
Accounts payable and accrued expenses	118,773	(17,439)
Payments on operating lease liability	(201,783)	(193,314)
Net cash provided by (used in) operating activities	<u>1,151,733</u>	<u>(549,822)</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	55,759	320,871
Purchases of investments	(464,739)	(416,545)
Purchases of property and equipment	(29,803)	(20,911)
Net cash used in investing activities	<u>(438,783)</u>	<u>(116,585)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	712,950	(666,407)
Cash and Cash Equivalents, Beginning	<u>5,276,363</u>	<u>5,942,770</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 5,989,313</u></u>	<u><u>\$ 5,276,363</u></u>
Non-Cash Activity		
Cost of fully depreciated property disposed	<u><u>\$ -</u></u>	<u><u>\$ 10,992</u></u>

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 1 - DESCRIPTION OF ORGANIZATION

The National Consumers League, Inc. (the League), is a nonprofit organization founded in 1899 and originally incorporated under the laws of New York in 1902. In 1982, the League reincorporated under the laws of Maryland. The purpose of the League is to educate and assist the public in improving the conditions and protecting their rights in the market and work environments. Programs offered by the League are as follows:

Consumer Health Education - the League provides government, businesses, and other organizations with the consumer perspective on health concerns including medication safety. The League organized a groundbreaking, national multi-media campaign to improve public health by raising consumer awareness of the importance of good medication adherence.

Public Education and Food Policy - the League educates the public about a variety of consumer issues through work with federal agencies and through forums, the media, publications, and other outreach. The League is committed to a food policy that ensures a safe, nutritious, and abundant food supply. The League believes consumers should have access to food at reasonable prices, and no person should go hungry or suffer malnutrition. The League supports a system for monitoring and improving the nutritional status of the United States of America, focusing on programs that aid low-income families and school children.

LifeSmarts Program - LifeSmarts is an educational program that develops the consumer and marketplace skills of teenagers and promotes this knowledge through competitions run in a game show style, open to all teens in the United States of America.

Fraud Center - the League organizes an alliance against fraud in telemarketing and across the internet. The alliance includes over seventy government, businesses, union, and consumer organizations to educate the public.

Fair Labor - the League conducts major projects on child labor, wage theft, and paid sick leave to alert the public concerning rights and responsibilities regarding the Fair Labor Standards Act as well as international codes of conduct and labor standards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the League have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

Management considers all money market funds and highly liquid investments with original maturity dates of three months or less, to be cash equivalents.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions Receivable

Grants and contributions receivable are reported at the amount management expects to collect. In reviewing receivables, management considers their knowledge of customers and historical activity in establishing an allowance for doubtful accounts. Management is of the opinion that all receivables are fully collectable within one year, and therefore no allowance for doubtful accounts is provided.

Investments

Investments are reported at fair value. Fair value is 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. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Fair Value Measurements

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1:* Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date (e.g., equity securities traded on the New York Stock Exchange).
- *Level 2:* Inputs from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3:* Unobservable inputs (e.g., a company's own data) that are used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and exchange-traded funds, which are publicly traded, are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy. Bonds are valued at the most recent price of the equivalent quoted price for such securities and are classified within Level 2.

Certificate of deposit was valued at original cost-plus accrued interest, which approximates fair value.

Property and Equipment

Property and equipment are recorded at cost, or if donated, the assets are capitalized at the estimated fair value at the date of receipt. Property and equipment expenditures in excess of \$1,000 are capitalized and depreciated using the straight-line method over the estimated useful lives of three to seven years. Expenditures for maintenance and repairs, which do not extend the lives of assets beyond their original estimated useful lives, are charged to expense. Major expenditures for betterments which extend the lives of assets are capitalized.

Leases

Effective January 1, 2022, the League adopted the requirements of FASB ASC 842, *Leases*. This new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as finance leases when the League expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, if the League is not expected to consume a major part of the economic benefits of the leased assets, then they are classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the statements of activities, the categorization of assets and liabilities in the statements of financial position, and classification of cash flows in the statements of cash flows. Leases with a term of less than 12 months will not be recorded as the ROU asset and lease liability, and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

Total lease cost consists of two components; amortization expense related to the write-off of the ROU assets and interest expense from lease liabilities. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term. Lease liabilities are measured and recorded at the present value of future lease payments using a discount rate. Because the League generally does not have access to the rate implicit in each lease, lease liabilities are measured using the risk-free rate as the discount rate. ROU assets are generally measured and recorded at the sum of the lease liability, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the League are classified in the following two classes:

- **Net assets without donor restrictions** represents funds that are available for support of the operations of the League, and that are not subject to donor stipulation. Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose by Board resolution.
- **Net assets with donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources are to be maintained in perpetuity, but permit the League to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. Donor-imposed restrictions are initially reported in the net assets with donor restrictions class, even if it is anticipated such restrictions will be met in the current reporting period.

Revenue Recognition

Contributions and grants are recognized as revenue when they are received or unconditionally promised (pledged). Membership dues are deemed contributions without donor restrictions as the League does not provide direct benefits for the dues and are recognized as revenue when pledged or received.

The Trumpeter Annual Dinner special event includes conditional contributions, sponsorships and ticket sales which are recognized as revenue when the event occurred.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the League. Those expenses include salaries, employee benefits, rent, office expenses, telecommunications, insurance, and depreciation and amortization. All such costs are allocated based on estimates of actual hours worked and specific utilization.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Such estimates affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Income Taxes

The League qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). As a result, the League is not subject to federal income taxes, except for taxes on unrelated business income. There was no unrelated business income during the years ended December 31, 2024 or 2023. The League is not a private organization pursuant to 509(a)(1) of the IRC.

The income tax positions taken by the League for any years open under the various statutes of limitations are that the League continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. The League believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reported date. The League evaluated its uncertainty in income taxes and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. None of the League's federal or state income tax returns are currently under examination.

Reclassifications

Certain reclassifications have been made to the 2023 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 3 - CASH AND CASH EQUIVALENTS

The following table summarizes the cash and cash equivalents as of December 31, 2024 and 2023.

	2024	2023
Checking accounts and petty cash	\$ 633,574	\$ 2,168,406
Overnight sweep accounts	2,556,821	258,301
Money market accounts	2,763,837	2,826,049
Cash equivalents held by investment custodians	22,724	11,250
Cash held for endowment - restricted in perpetuity	12,357	12,357
	<u> </u>	<u> </u>
Total cash and cash equivalents	<u>\$ 5,989,313</u>	<u>\$ 5,276,363</u>

NOTE 4 - INVESTMENTS

The following table summarizes the valuation of the League's investments within the fair value hierarchy as of December 31, 2024 and 2023. There have been no changes in valuation techniques and related inputs.

	2024	2023
Fair value using Level 1 Inputs:		
Exchange-traded funds	\$ 96,852	\$ 76,468
Mutual funds - bonds	582,512	561,581
Mutual funds - equity	431,388	380,844
Fair value using Level 2 Inputs:		
Corporate bonds	245,028	246,048
	<u> </u>	<u> </u>
Investment at fair value	1,355,780	1,264,941
Certificate of deposit, at amortized cost	384,507	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,740,287</u>	<u>\$ 1,264,941</u>

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 4 - INVESTMENTS (Continued)

Net investment income consists of the following for the years ended December 31:

	2024	2023
Interest and dividends	\$ 51,791	\$ 29,227
Realized gains	20,733	6,354
Unrealized gains	45,633	58,381
Investment expenses	(5,759)	(5,020)
Total net investment income	<u>\$ 112,398</u>	<u>\$ 88,942</u>

NOTE 5 - PROPERTY AND EQUIPMENT

The cost of property and equipment and the related accumulated depreciation consisted of the following as of December 31:

	2024	2023
Furniture and equipment	\$ 208,135	\$ 178,332
Software	<u>151,324</u>	<u>151,324</u>
	359,459	329,656
Less, accumulated depreciation and amortization	<u>(279,591)</u>	<u>(243,938)</u>
Property and equipment, net	<u>\$ 79,868</u>	<u>\$ 85,718</u>

During the years ended December 31, 2024 and 2023, the League recorded depreciation and amortization expense related to property and equipment of \$35,653 and \$46,150, respectively.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 6 - OFFICE LEASE

The League has a non-cancelable operating lease agreement for its office space in Washington, D.C. which expires in February 2030.

As of December 31, 2024 and 2023, the right-of-use asset related to the operating lease was as follows:

	<u>2024</u>	<u>2023</u>
Right-of-use asset - operating:		
Cost	\$ 1,600,357	\$ 1,600,357
Less: accumulated amortization	<u>(562,359)</u>	<u>(371,893)</u>
Right-of-use asset, net	<u><u>\$ 1,037,998</u></u>	<u><u>\$ 1,228,464</u></u>

As of December 31, 2024 and 2023, the liability related to the operating lease was as follows:

	<u>2024</u>	<u>2023</u>
Lease liability - operating	<u><u>\$ 1,187,883</u></u>	<u><u>\$ 1,389,666</u></u>

The weighted-average remaining lease term for the operating lease as of December 31, 2024 and 2023 was 7.17 and 6.17 years, respectively. The weighted-average discount rate for the operating lease as of December 31, 2024 and 2023 was 1.55%, respectively.

Future minimum payments are as follows for the office lease for the years ending December 31:

2025	\$ 227,451
2026	233,137
2027	238,966
2028	244,940
2029	251,063
Thereafter	<u>48,484</u>
Total undiscounted cash flows	1,244,041
Less: present value discount	<u>(56,158)</u>
Total	<u><u>\$ 1,187,883</u></u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - OFFICE LEASE (Continued)

The League records occupancy expense on the straight-line method over the term of the lease and includes cash paid for rent plus amortization of the operating lease liability. Occupancy expense for the years ended December 31, 2024 and 2023 totaled \$215,226 and \$216,492, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCY

Hotel Contracts

The League has entered into agreements with several hotels for the annual LifeSmarts competition and the Trumpeter Annual Dinner special event in 2025. The facility contracts contain contingency clauses whereby the League is liable for cancellations. The monetary restitution varies among contracts, but generally is based on expenses incurred by the vendor up to the date of cancellation.

Paycheck Protection Program Loan

During the year ended December 31, 2020, the League was granted a loan for \$293,500 from a local bank under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The loan was forgiven by the SBA.

According to the rules of the SBA, the League is required to retain documentation for six years after the date of the loan is forgiven, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the League's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the League may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 8 - BOARD-DESIGNATED NET ASSETS

As of December 31, 2024 and 2023, \$500,000 of net assets have been designated by the Board of Directors for an operating reserve, and is included in net assets without donor restrictions in the accompanying statements of financial position.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2024:

	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Temporarily restricted:				
Purpose restrictions:				
LifeSmarts	\$ 280,173	\$ 693,500	\$ (922,956)	\$ 50,717
Consumer Health Education	456,915	1,335,000	(526,441)	1,265,474
Fraud Center	30,147	710,000	(365,147)	375,000
Public education	86,207	1,357,000	(594,317)	848,890
Total temporarily restricted	853,442	4,095,500	(2,408,861)	2,540,081
Endowments to be invested in perpetuity	12,357	-	-	12,357
Total	<u>\$ 865,799</u>	<u>\$ 4,095,500</u>	<u>\$ (2,408,861)</u>	<u>\$ 2,552,438</u>

Net assets with donor restrictions consisted of the following at December 31, 2023:

	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Temporarily restricted:				
Purpose restrictions:				
LifeSmarts	\$ 307,000	\$ 663,473	\$ (690,300)	\$ 280,173
Consumer Health Education	160,000	1,045,000	(748,085)	456,915
Fraud Center	84,000	360,000	(413,853)	30,147
Public education	166,602	142,505	(222,900)	86,207
Time restricted	10,000	-	(10,000)	-
Total temporarily restricted	727,602	2,210,978	(2,085,138)	853,442
Endowments to be invested in perpetuity	12,357	-	-	12,357
Total	<u>\$ 739,959</u>	<u>\$ 2,210,978</u>	<u>\$ (2,085,138)</u>	<u>\$ 865,799</u>

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 10 - ENDOWMENT

The League's endowment consists of donor-restricted endowment funds. As required by GAAP, 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 District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the League classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by UPMIFA.

The League's endowment fund was donor-created to provide income to support the League's mission and purposes. The board chairperson and board treasurer are endowment trustees responsible for the management of the funds and for regular reporting to the board. The trustees evaluate any potential investments based on return, risk, liquidity, and the League's mission. In accordance with UPMIFA, the League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the League and the donor-restricted endowment fund;
- General economic conditions and the possible effect on inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the League.

The use of income generated from such funds is subject to board approval through the normal budgeting process. The League has adopted investment and spending policies that seek to maintain the purchasing power of the endowment assets. The donor-restricted endowment net asset balance was \$12,357 and reported as cash equivalents at December 31, 2024 and 2023. The interest earned was immaterial and was classified as net assets without donor restrictions. There were no distributions or releases from restriction during the years ended December 31, 2024 and 2023. In accordance with the League's objective to maintain the purchasing power of the endowment assets and/or unless agreed by the donor, spending from donor-restricted funds is suspended when the fair market value of the endowment is less than the original gift until the asset market value exceeds the value of the original gift.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 11 - SPECIAL EVENTS

For the year ended December 31, 2024, gross revenue from the Trumpeter Awards Dinner special event, an annual fundraising dinner, totaled \$1,031,975 and expenses totaled \$188,746, which included direct donor benefits of \$181,643. For the year ended December 31, 2023, gross revenue from the Trumpeter Awards Dinner event totaled \$900,967 and expenses totaled \$129,675, which included direct donor benefits of \$115,140.

NOTE 12 - RETIREMENT PLAN

The League sponsors a 401(k) plan for eligible employees who have attained the age of 18 years old and completed three months of service. Employees are fully vested in salary deferrals and employer nonelective contributions. The League's contributions and related expenses for the years ended December 31, 2024 and 2023 totaled \$73,498 and \$104,005, respectively.

NOTE 13 - CONDITIONAL CONTRIBUTIONS RECEIVABLE

The League has an existing conditional contributions receivable of \$200,000, due during the year ending December 31, 2025. Payment is contingent upon the submission of an annual performance report.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the League's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use within one year because of donor-imposed restrictions and board designations:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 5,989,313	\$ 5,276,363
Grants and contributions receivable	625,595	432,118
Investments	<u>1,740,287</u>	<u>1,264,941</u>
 Total financial assets available within one year	 8,355,195	 6,973,422
 Less, amounts unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	(2,552,438)	(865,799)
Donor-restricted endowment funds	(12,357)	(12,357)
Board designations	<u>(500,000)</u>	<u>(500,000)</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 5,290,400</u>	 <u>\$ 5,595,266</u>

As part of the League's liquidity management, the League has a policy to structure its financial assets to be available and liquid as its obligations become due. The League has no debt on the statement of financial position and typically pays its obligations using cash. The League invests cash in excess of daily requirements in sweep accounts and money market funds. To help manage unanticipated liquidity needs, the Board established an operating reserve. The balance of the operating reserve was \$500,000 as of both December 31, 2024 and 2023.

NOTE 15 - RISKS AND CONCENTRATIONS

Credit Risk

The League's assets that are expected to create risk consist primarily of cash and cash equivalents, which are held by three separate banks. These balances may, from time to time, exceed amounts insured by the Federal Deposit Insurance Corporation. As of December 31, 2024, the League had approximately \$5.2 million of uninsured cash and cash equivalents.

NATIONAL CONSUMERS LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 15 - RISKS AND CONCENTRATIONS (Continued)

Market Risk

The League invests in various securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statements of financial position and activities.

Major Donors

The League received approximately 31% and 28% of total revenue and support from two donors during the years ended December 31, 2024 and 2023, respectively. Two donors accounted for 44% and 58% of grants and contributions receivable for the years ended December 31, 2024 and 2023.

The League relies on the support of donors to ensure the continuing operations of the organization. Any significant reduction in funding from donors may impact the League's ability to carry out its program and other activities. Historically, the League has not experienced significant losses related to grants and contributions receivable and management believes that the credit risk related to these receivables is minimal.

NOTE 16 - SUBSEQUENT EVENTS

In preparing these financial statements, the League has evaluated events and transactions for potential recognition or disclosure through April 30, 2025, which is the date the financial statements are available to be issued. There were no subsequent events noted that required adjustments to, or disclosure in, these financial statements.