

**The Junior League of Richmond, Virginia, Inc.**

**Financial Statements**

**May 31, 2020**

**With Comparative Totals for**

**May 31, 2019**

# **The Junior League of Richmond, Virginia, Inc.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Junior League of Richmond, Virginia, Inc.

We have audited the accompanying financial statements of The Junior League of Richmond, Virginia, Inc. (The League) a nonprofit organization, which comprise the statement of financial position as of May 31, 2020, 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 The League as of May 31, 2020, 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.

### Report on Summarized Comparative Information

We have previously audited the The League's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richmond, Virginia  
December 11, 2020



**The Junior League of Richmond, Virginia, Inc.**

**Statement of Financial Position  
May 31, 2020  
(With Comparative Totals for May 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total May 31, 2020	Total May 31, 2019
<b>ASSETS</b>				
Cash and cash equivalents	\$ 898,983	\$ 1,865	\$ 900,848	\$ 1,821,723
Accounts receivable	1,120	-	1,120	1,758
Contributions receivable	10,575	-	10,575	13,885
Prepaid expenses and accrued revenues	34,966	-	34,966	28,692
Investments	1,513,378	790,449	2,303,827	1,349,809
Inventories	75,449	-	75,449	74,089
Property and equipment, net	504,793	-	504,793	482,741
<b>Total assets</b>	<b>\$ 3,039,264</b>	<b>\$ 792,314</b>	<b>\$ 3,831,578</b>	<b>\$ 3,772,697</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 22,158	\$ -	\$ 22,158	\$ 23,923
Deferred revenues	97,402	-	97,402	118,495
Notes payable	-	-	-	-
<b>Total liabilities</b>	<b>\$ 119,560</b>	<b>-</b>	<b>119,560</b>	<b>142,418</b>
Net assets:				
Without donor restrictions	2,919,704	-	2,919,704	3,143,581
With donor restrictions				
Perpetual	-	768,286	768,286	466,463
Endowment returns subject to appropriation	-	22,163	22,163	19,688
Time or purpose	-	1,865	1,865	547
<b>Total with donor restrictions</b>	<b>-</b>	<b>792,314</b>	<b>792,314</b>	<b>486,698</b>
<b>Total net assets</b>	<b>2,919,704</b>	<b>792,314</b>	<b>3,712,018</b>	<b>3,630,279</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,039,264</b>	<b>\$ 792,314</b>	<b>\$ 3,831,578</b>	<b>\$ 3,772,697</b>

See accompanying notes to the financial statements and independent auditors' report.



# The Junior League of Richmond, Virginia, Inc.

## Statement of Activities For the Year Ended May 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
REVENUES AND OTHER SUPPORT			
Contributions and gifts	\$ 134,588	\$ 3,615	\$ 138,203
Contributions- donations in-kind	-	456,653	456,653
Merchandise sales	457,557	-	457,557
Membership dues	117,448	-	117,448
Special events	56,360	-	56,360
Other program revenue	12,881	-	12,881
Interest and dividends	38,798	11,845	50,643
Rental income	8,200	-	8,200
Other income (expense)	-	-	-
Net assets released from restrictions	478,538	(478,538)	-
Total revenues	1,304,370	(6,425)	1,297,945
EXPENSES			
Program services:			
Community programs	31,655	-	31,655
Promoting voluntarism	63,200	-	63,200
Leadership development	15,245	-	15,245
Retail programs	924,593	-	924,593
Total program expenses	1,034,693	-	1,034,693
Supporting services:			
Management and general	205,593	-	205,593
Fundraising:			
Special events	40,837	-	40,837
Development	81,918	-	81,918
Total supporting expenses	328,348	-	328,348
Total expenses	1,363,041	-	1,363,041
Change in net assets from operations	(58,671)	(6,425)	(65,096)
Nonoperating activities			
Net gain (loss) on disposal of property and equipment	-	-	-
Investment return, net	134,794	12,041	146,835
Total nonoperating activities	134,794	12,041	146,835
Net assets restricted to the Endowment	(300,000)	300,000	-
Change in net assets	(223,877)	305,616	81,739
Net assets at beginning of year	3,143,581	486,698	3,630,279
Net assets at end of year	\$ 2,919,704	\$ 792,314	\$ 3,712,018

See accompanying notes to the financial statements and independent auditors' report.

# The Junior League of Richmond, Virginia, Inc.

## Statement of Activities For the Year Ended May 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
REVENUES AND OTHER SUPPORT			
Contributions and gifts	\$ 135,844	\$ 29,104	\$ 164,948
Contributions- donations in-kind	-	580,141	580,141
Merchandise sales	611,182	-	611,182
Membership dues	120,100	-	120,100
Special events	55,685	-	55,685
Other program revenue	14,598	-	14,598
Interest and dividends	52,480	5,277	57,757
Rental income	8,600	-	8,600
Other income (expense)	-	-	-
Net assets released from restrictions	609,517	(609,517)	-
Total revenues	1,608,006	5,005	1,613,011
EXPENSES			
Program services:			
Community programs	78,752	-	78,752
Promoting voluntarism	30,138	-	30,138
Leadership development	53,086	-	53,086
Retail programs	1,092,564	-	1,092,564
Total program expenses	1,254,540	-	1,254,540
Supporting services:			
Management and general	148,297	-	148,297
Fundraising:			
Special events	99,565	-	99,565
Development	70,241	-	70,241
Total supporting expenses	318,103	-	318,103
Total expenses	1,572,643	-	1,572,643
Change in net assets from operations	35,363	5,005	40,368
Nonoperating activities			
Net gain (loss) on disposal of property and equipment	(597)	-	(597)
Investment return, net	(30,571)	(18,894)	(49,465)
Total nonoperating activities	(31,168)	(18,894)	(50,062)
Net assets restricted to the Endow ment	(249,907)	249,907	-
Change in net assets	(245,712)	236,018	(9,694)
Net assets at beginning of year	3,389,293	250,680	3,639,973
Net assets at end of year	\$ 3,143,581	\$ 486,698	\$ 3,630,279

See accompanying notes to the financial statements and independent auditors' report.

The Junior League of Richmond, Virginia, Inc.  
Statement of Functional Expenses  
Year ending May 31, 2020

	Community Programs	Program Services				Supporting Services				TOTAL 2020	
		Promoting Volunteerism	Leadership Development	Retail Programs	TOTAL Programs	Management & General	Supporting Services				
							Special Events	Fundraising	Development		TOTAL Supporting Services
Advertising	(1,750)	\$ -	\$ -	\$ 244	\$ (1,506)	\$ 120	\$ -	\$ 6,293	\$ -	\$ 6,413	\$ 4,907
Association Dues	-	31,356	-	-	31,356	5,533	-	-	-	5,533	36,889
Audio Fees	572	1,126	274	1,951	3,923	5,728	-	551	1,448	7,727	11,650
Bank Fees	151	326	85	11,633	12,195	1,473	-	1,446	778	3,697	15,892
Consultants/ Contractors	-	750	2,460	2,747	5,957	28,074	-	2,140	-	30,214	36,171
Cost of Goods Sold	-	-	-	452,398	452,398	-	-	10,297	-	10,297	462,695
Depreciation	342	673	164	26,270	27,449	3,424	-	329	1,116	4,869	32,318
Food and Beverage	19,435	3,411	948	225	24,019	811	-	2,047	3,777	6,635	30,654
Grants Paid	693	-	-	-	693	-	-	-	-	-	693
In Kind Expenses	-	169	-	-	169	40	-	3,366	1,650	5,056	5,225
In Kind Donations	-	-	-	1,829	1,829	-	-	-	-	-	1,829
Interest Expense	-	-	-	-	-	-	-	-	-	-	-
Insurance	340	668	162	12,082	13,252	3,398	-	702	859	4,959	18,211
Miscellaneous	-	-	-	-	-	-	-	-	525	525	525
Postage and Shipping	36	320	17	304	677	451	-	101	463	1,015	1,692
Printing and Copying	235	156	10	226	627	1,089	-	686	200	1,975	2,602
Professional Fees	678	1,333	324	4,491	6,826	6,782	-	652	2,336	9,770	16,596
Recognition	372	1,544	4	303	2,223	3,086	-	8	21	3,115	5,338
Rentals, Repairs and Maintenance	184	363	88	11,271	11,906	1,861	-	3,183	466	5,510	17,416
Information Technology	398	783	190	3,914	5,285	5,227	-	425	1,194	6,846	12,131
Salaries and Wages	2,549	9,367	1,873	244,890	258,679	85,839	-	-	49,631	135,470	394,149
Payroll Taxes	178	656	131	18,637	19,602	6,866	-	-	3,775	10,641	30,243
401(k)	121	446	89	7,180	7,836	4,348	-	-	2,481	6,829	14,665
Employee Benefits	84	309	62	18,741	19,196	3,010	-	-	210	3,220	22,416
Security	50	97	24	1,134	1,305	496	-	48	125	669	1,974
Space Rental	2,819	6,557	1,499	57,963	68,838	28,216	-	3,813	8,780	40,809	109,647
Supplies	3,300	2,065	165	5,610	11,140	1,552	-	2,822	460	4,834	15,974
Taxes and Licenses	15	29	7	10,829	10,880	4,627	-	702	38	5,367	16,247
Travel and Conferences	532	62	6,515	1,464	8,573	317	-	916	770	2,003	10,576
Utilities	321	634	154	28,257	29,366	3,225	-	310	815	4,350	33,716
TOTAL EXPENSE	\$ 31,655	\$ 63,200	\$ 15,245	\$ 924,593	\$ 1,034,693	\$ 205,593	\$ 40,837	\$ 81,918	\$ 328,348	\$ 1,365,041	

See accompanying notes to the financial statements and independent auditors' report.

The Junior League of Richmond, Virginia, Inc.  
Statement of Functional Expenses  
Year ending May 31, 2019

	Program Services						Supporting Services			TOTAL 2019	
	Community Programs	Promoting Volunteerism	Leadership Development		Retail Programs	TOTAL Programs	Management & General	Fundraising			TOTAL Supporting Services
								Special Events	Development		
Advertising	2,289	\$ 161	\$ 8	\$ 2,180	\$ 4,638	\$ 612	\$ 5,033	\$ 211	\$ 5,856	\$ 10,494	
Association Dues	-	-	32,073	-	32,073	5,660	-	-	5,660	37,733	
Audit Fees	808	635	215	5,359	7,017	2,507	900	719	4,126	11,143	
Bank Fees	1,589	230	77	15,318	17,214	901	3,688	724	5,313	22,527	
Consultants/ Contractors	72	852	814	1,667	3,405	9,543	2,000	270	11,813	15,213	
Cost of Goods Sold	-	-	-	570,384	570,384	11,930	-	-	11,930	582,314	
Depreciation	18	-	-	19,529	19,547	4,474	-	251	4,725	24,272	
Food and Beverage	13,730	5,617	1,669	407	21,423	290	26,820	2,745	29,565	51,278	
Grants Paid	33,343	-	-	10,336	43,679	-	-	-	-	43,679	
In Kind Expenses	-	865	43	-	908	560	9,784	1,200	11,544	12,452	
In Kind Donations	-	-	-	2,305	2,305	-	-	-	-	2,305	
Interest Expense	-	-	-	2,631	2,631	-	-	-	-	2,631	
Insurance	607	393	133	13,007	14,140	1,551	931	445	2,927	17,067	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	
Postage and Shipping	63	251	16	556	866	262	163	406	831	1,717	
Printing and Copying	231	168	21	584	1,004	232	7,484	199	7,915	8,919	
Professional Fees	576	446	151	6,094	7,267	1,762	632	834	3,228	10,495	
Recognition	1,954	1,049	97	502	3,602	2,113	407	137	2,657	6,259	
Rentals, Repairs and Mail	1,631	982	333	14,861	17,807	3,966	8,533	1,494	13,993	31,800	
Information Technology	637	455	146	4,542	5,780	1,766	683	580	3,029	8,809	
Salaries and Wages	6,811	10,147	1,888	268,208	287,054	85,333	-	51,535	136,868	423,922	
Payroll Taxes	497	710	132	21,115	22,454	6,328	-	3,781	10,109	32,563	
401(k)	60	450	90	5,709	6,309	5,168	-	300	5,468	11,777	
Employee Benefits	757	290	54	15,813	16,914	2,597	-	281	2,878	19,792	
Security	37	29	10	1,020	1,096	113	41	33	187	1,283	
Space Rental	1,945	4,670	941	59,840	67,396	6,084	14,955	2,280	23,319	90,715	
Supplies	5,807	1,276	907	5,607	13,597	837	2,989	545	4,371	17,968	
Taxes and Licenses	81	64	22	10,091	10,258	4,008	1,433	102	5,543	15,801	
Travel and Conferences	4,739	25	13,120	3,724	21,608	159	631	747	1,537	23,145	
Utilities	470	373	126	31,175	32,144	1,471	528	422	2,421	34,565	
TOTAL EXPENSE	\$ 78,752	\$ 30,138	\$ 53,086	\$ 1,092,564	\$ 1,254,540	\$ 148,297	\$ 99,565	\$ 70,241	\$ 318,103	\$ 1,572,643	

See accompanying notes to the financial statements and independent auditors' report.

**The Junior League of Richmond, Virginia, Inc.**

Statement of Cash Flows  
Year Ended May 31, 2020  
(With Comparative Totals for Year Ended May 31, 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 81,739	\$ (9,694)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,318	24,272
Net depreciation (appreciation) on investments	(146,835)	49,465
Decrease (increase) in accounts receivable	638	1,193
Decrease (increase) in contributions receivable	3,310	37,493
(Increase) decrease in prepaid expenses and accrued revenues	(6,274)	(8,989)
Decrease (increase) in inventories	(1,360)	1,480
(Decrease) increase in accounts payable and accrued expenses	(1,765)	(24,463)
(Decrease) increase in deferred revenues	(21,093)	(4,618)
Losses (gains) on disposal of property and equipment	-	597
Net cash provided by (used by) operating activities	(59,322)	66,736
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(807,183)	(29,796)
(Purchase) sale of property and equipment	(54,370)	(122,296)
Net cash (used by) provided by investing activities	(861,553)	(152,092)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note payable payments	-	(68,996)
Net cash used by financing activities	-	(68,996)
Net (decrease) increase in cash and cash equivalents	(920,875)	(154,352)
Cash and cash equivalents, beginning of year	1,821,723	1,976,075
Cash and cash equivalents, end of year	\$ 900,848	\$ 1,821,723

Interest paid in the years ending May 31, 2020 and 2019 was \$0 and \$2,631, respectively.

See accompanying notes to the financial statements and independent auditors' report.



## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 1 – Description of the Organization**

The Junior League of Richmond, Virginia, Inc. (the “League”), a Virginia non-stock corporation, was founded in 1926. The League is classified as a Section 501(c)(3) charitable not-for-profit under the Regulations of the Internal Revenue Service. Its purpose is exclusively educational and charitable. The mission of the League is one of “an organization of women committed to promoting voluntarism, developing the potential of women, and improving communities through the effective action and leadership of trained volunteers. The League reaches out to women of all races, religions and national origins who demonstrate an interest in, and commitment to, voluntarism.”

Community programs include partnerships with local organizations to conduct volunteer-led programming. Promoting voluntarism includes cultivating a trained volunteer force and developing environments where volunteer efforts thrive. Leadership development includes external and internal training opportunities for volunteer members. Retail programs include two resale thrift store locations operating as “The Clothes Rack” since 1947. The Clothes Rack operations are made possible through donations of used clothing and household goods. A mobile thrift store, “The Rolling Rack” was developed in the year ending May 31, 2020 for launch in the next fiscal year. The League also sells its own cookbooks and League branded merchandise.

The League received approximately 85% percent of its revenue from merchandising (including contributions of goods for sale), special events and membership dues for the years ended May 31, 2020 and 2019. These are the traditional funding mechanisms for Junior Leagues worldwide. The League had two significant fundraisers during the fiscal years ended May 31, 2020 and 2019, including the Book and Author Event and the Touch a Truck community celebration. In the fiscal year ended May 31, 2020, the League held a new fundraising event, a Leadership Breakfast.

#### **Note 2- Summary of Significant Accounting Policies**

*Basis of presentation* - The financial statements of the League have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of the League’s management and the Board of Directors. Portions of unrestricted net assets may be limited for specific purposes by action of the League’s Board of Directors. The Board can change such designations by further vote. League policy identifies, from net assets without donor restrictions, net assets for Operating Reserves and Sustainability Reserves.

## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; these restrictions will be met by the actions of the League or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

*Measure of operations* - The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the League's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

*Comparative financial information* - The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the League's financial statements for the year ended May 31, 2019, from which the summarized information was derived.

*Cash and cash equivalents* - The League considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Endowments that are perpetual in nature or funds restricted for long-term purposes are excluded from this definition.

*Accounts and contributions receivable* - Contributions receivable consist primarily of outstanding pledges for multi-year gifts and federated campaigns.

Unconditional promises to give are recorded at net realizable value. The League uses the allowance method of accounting for bad debts on contributions receivable in future years. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the receivable portfolio. Receivables are written off when deemed uncollectible. No allowance was deemed necessary for contributions receivable at May 31, 2020 or May 31, 2019.



## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

*Investments* - Investments are reported at cost, if purchased, or at fair value on date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/ (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

*Inventories* - Inventory consists of program related merchandise available for sale. The inventory of cookbooks and League merchandise is stated at cost, determined by the average cost method.

The League receives contributions of clothing and household items and processes these items for sale in the Clothes Rack retail thrift stores. US GAAP requires that contributions received be recognized as revenues in the period received and as assets or decreases in liabilities or expenses depending on the form of the benefits received. The League values these donated goods using a formula substantially based on subsequent month sales revenue. Cost of Goods Sold is recorded at actual sales amount due to variability of the value of thrift merchandise.

*Property and equipment, net* - Property and equipment additions over \$250 are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is generally calculated on the straight-line method over the useful lives of the related assets or grant period, whichever is shorter. Useful lives for new assets range from three to thirty-nine years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

*Revenue and revenue recognition* - Revenue is recognized when earned. Program revenue received in advance is deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Deferred revenue represents membership dues for the forthcoming fiscal and membership year. These monies have been received but not yet earned at current fiscal year end.

## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

*Donated services and in-kind donations* - The League received donations of professional services, including publicity/ printing, and goods. Such amounts, which are based on information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution (except for donated inventory, as described) and are reported as contributions in-kind on the accompanying statements of activities. Contributions in-kind are recorded as restricted income and released to unrestricted income upon use of the donation. Corresponding expenses are recorded on the statements of activities and statements of functional expenses.

The value of donated volunteer service is not reflected in the accompanying financial statements, as there is no objective basis by which to measure the value of such service, and these activities do not meet the necessary criteria for recognition under US GAAP.

*Advertising costs* - Advertising costs are expensed as incurred and included in fundraising or program services expenses based on the content and intention of the advertisement. Advertising expense amounted to \$4,907 and \$10,494 in the fiscal years ending May 31, 2020 and 2019, respectively.

*Functional allocation of expenses* - The costs of providing program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services benefited. Expenses are classified as program services if they fulfill the mission of the League.

*Special events and merchandising* - Special event revenue for the years ended May 31, 2020 and 2019, primarily includes ticket sales at the Book and Author Event and Touch a Truck. For the year ended May 31, 2020, special event revenue also includes table sponsorships for the Leadership Breakfast. For accounting purposes, while these fundraisers are considered ongoing and peripheral, the League has chosen to show the revenue and expenses at their gross amounts rather than net them together.

Merchandising revenue represents the sales from ongoing fundraisers of the League for which the donor receives a product or goods. Book sales related to the Book and Author event are included in merchandising revenues.

*Grants* - The League may make grants to various local not-for-profit organizations that further the mission of the League in making an impact in the community. A grant is recognized in the year that the Board authorizes the grant. Grants are paid within one year of authorization.



## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

*Income tax status* - The League is organized as a Virginia nonprofit corporation. The League has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Section 509(a)(1) and (3), respectively.

The League is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the League is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Revenue is earned for advertisements placed in programs distributed at special events. This revenue is subject to scrutiny as unrelated business income, as it is not substantially related to the trade or business of the League.

The League files an Exempt Organization Business Income Tax Return (Form 990-T) and a Virginia Form 500 Corporate Return for this unrelated business taxable income. Total income tax expenses were \$104 and \$555 for the fiscal years ending May 31, 2020 and 2019, respectively.

The League is exempt from sales taxes paid to the Commonwealth of Virginia for purchases made in accordance with state law.

*Use of estimates* - The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of 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 estimates, and those differences could be material.

*Concentration of credit risk* - The League manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the League has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from League members, foundations, and event sponsors supportive of our mission.

Investments are made by an investment manager, subject to the League's Investment Policy Statement, and whose performance is monitored by the Board of Directors and the Investment Committee. Although the fair value of investments is subject to fluctuation on a year-to-year basis, the League and the Investment Committee believe that the Investment Policy Statement is prudent for the long-term welfare of the organization.



## The Junior League of Richmond, Virginia, Inc.

### Notes to Financial Statements Year Ended May 31, 2020

#### Note 2 – Summary of Significant Accounting Policies (continued)

*Reclassifications* - Certain reclassifications of amounts previously reported have been made to the accompanying financial statement to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

*New Accounting Pronouncement* - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The League has adjusted the presentation of these statements accordingly.

#### Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	898,983
Accounts receivable		1,120
Contributions receivable		10,575
Investments		1,513,378
Endowment spending rate distributions		22,163
	\$	<u>2,446,219</u>

The endowment fund consists of donor-restricted endowments and funds voted by the general membership of the League as restricted to endowment. Income from the endowment is available for general use, subject to the 4.0% Spending Rate Policy in the League's Investment Policy Statement. Donor-restricted endowment funds are not available for general expenditure.

## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 3 – Liquidity and Availability (continued)**

Liquid financial assets at May 31, 2020 included \$396,572 of forward funding intended for the fiscal year ending May 31, 2021; \$11,130 allocated by the Board for renovations to the League headquarters; \$198,286 allocated per policy as Operating Reserves; \$298,151 in unused forward funding allocations from prior years; \$577,917 allocated per policy as Sustainability Reserves; and \$211,587 in proceeds from the sale of the Mayo Carter House. At a general membership meeting held May 21, 2019, the League's Community Impact Strategic Taskforce presented plans for the distribution of the Mayo Carter House proceeds. Per the League's Policies and Procedures, some distributions have been or will be subject to Board approval and/or membership vote.

#### **Note 4 - Fair Value Measurements and Disclosures**

The League reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets accessible at the measurement date.
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
Level 3	Unobservable inputs for the asset that cannot be corroborated by observable market data. In these situations, the League develops inputs using the best information available in the circumstances.

# **The Junior League of Richmond, Virginia, Inc.**

## Notes to Financial Statements Year Ended May 31, 2020

### **Note 4 - Fair Value Measurements and Disclosures (continued)**

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the League's assessment of the quality, risk, or liquidity profile of the asset.

The League's portfolio investments were classified as Level 1 investments, because they are comprised of exchange traded funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified:

	May 31, 2020	May 31, 2019
Reserve Fund Investments		
Cash (as cost)	\$ 154,949	\$ -
Exchange Traded Funds	892,563	863,658
	<u>\$ 1,047,512</u>	<u>\$ 863,658</u>
Endowment Fund Investments		
Cash (as cost)	\$ 27,681	\$ 2,314
Exchange Traded Funds	762,768	483,837
	<u>\$ 790,449</u>	<u>\$ 486,151</u>
Community Quasi-Endowment Fund Investments		
Cash (as cost)	\$ 21,330	\$ -
Exchange Traded Funds	620,815	-
	<u>\$ 642,145</u>	<u>\$ -</u>

## The Junior League of Richmond, Virginia, Inc.

### Notes to Financial Statements Year Ended May 31, 2020

#### Note 5 - Contributions Receivable

At May 31, 2020, the League has recorded unconditional contributions receivable related to the operations of the League. Contributions receivable subsequent to May 31, 2020 and 2019, are as follows:

	<b>May 31, 2020</b>	<b>May 31, 2019</b>
Receivable in less than one year	\$ 10,575	\$ 8,885
Receivable in one to three years	-	5,000
Less allowance for uncollected promises to give	-	-
Total contributions receivable	<u>\$ 10,575</u>	<u>\$ 13,885</u>

At May 31, 2020, a single donor accounted for 47% of contributions receivable. At May 31, 2019, a single donor accounted for 72% of contributions receivable. A single donor accounted for approximately 18% and 15% of total contribution revenue for the years ended May 31, 2020 and 2019, respectively.

#### Note 6 - Property and Equipment

Property and equipment consisted of the following:

	<b>May 31, 2020</b>	<b>May 31, 2019</b>
Land	\$ 27,437	\$ 27,437
Building and Improvements	482,077	476,809
Furniture and Equipment	265,848	256,061
Vehicle	46,315	7,000
	<u>821,677</u>	<u>767,307</u>
Less Accumulated Depreciation	<u>(316,884)</u>	<u>(284,566)</u>
	<u>\$ 504,793</u>	<u>\$ 482,741</u>



## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 7 – Notes Payable**

In March 2007, the League purchased the building previously leased by The Clothes Rack on Cary Street. This property was purchased from the estate of a sustaining member of the League. The League was obligated under a five-year, single-pay, interest-only promissory note due April 2, 2011. The principal amount of this loan was \$442,000. The interest rate on this note was 6.8%. A Deed of Trust in the amount of \$442,000 was issued on the Mayo-Carter House as collateral for the loan, which was structured similarly to a Home Equity Line of Credit. An Assignment of Rents was also recorded for the Mayo-Carter House. In February 2010, the League paid down \$5,000 of this debt. The loan balance at May 31, 2010 was \$437,000.

In October 2010, the League refinanced this loan with a ten-year, standard commercial loan due October 5, 2020. In conjunction with the refinancing, the League paid down \$207,000 of the outstanding debt, for a starting principal loan balance of \$230,000. The interest rate on the current loan was 6.0%. The Cary Street Clothes Rack property was collateral for the loan.

On January 10, 2019, the Board of Directors voted to use proceeds from the sale of the Mayo Carter House to pay off the outstanding loan balance on The Clothes Rack on Cary Street. On January 23, 2019, the League paid the loan balance of \$50,955 in full, subject to a prepayment penalty of \$90.

#### **Note 8 – Lease Commitments**

The League is obligated under an operating lease for The Clothes Rack at Stratford Hills location that expires October 2021. Lease payments increase 3% annually. The League is obligated under an operating lease for headquarters office space at 2605 West Cary Street that expires in October 2023. Lease payments increase 3% annually. The League is obligated under an operating lease for a copier that expires in September 2021.



**The Junior League of Richmond, Virginia, Inc.**

Notes to Financial Statements  
Year Ended May 31, 2020

**Note 8 – Lease Commitments (continued)**

Future minimum lease payments are as follows:

Year ending May 31,	Headquarters Space	SH Store Space	Copier	Operating Leases
2021	\$ 51,920	\$ 49,802	\$ 6,732	\$ 108,454
2022	53,217	21,006	2,244	76,467
2023	54,545	-	-	54,545
2024	23,233	-	-	23,233
	<u>\$ 182,915</u>	<u>\$ 70,808</u>	<u>\$ 8,976</u>	<u>\$ 262,699</u>

Space expense under these operating leases for the years ended May 31, 2020 and 2019 was \$98,899 and \$73,759, respectively. The League incurs additional space expense for location rentals for events and meetings. Equipment rental expense under these operating leases was \$6,732 for both the years ending May 31, 2020 and 2019.

**Note 9 - Endowment**

Assets include an Endowment of donor-restricted funds intended for investment in perpetuity and to provide annual funding for general operations. The League's Board of Directors has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At May 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the League retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give, net of allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the League in a manner consistent with the standard of prudence prescribed by UPMIFA.

## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 9 – Endowment (continued)**

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 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

On December 14, 2017, the Board of Directors voted to establish a formal Endowment Fund encompassing existing Donor Restricted Funds, previously Board Designated Funds (quasi-endowment), and earnings on those principal amounts. The Board further voted to contribute an additional \$105,000 to the newly established Endowment Fund. The total amount of unrestricted assets restricted to the Endowment was \$198,183.

Endowment assets are subject to the Investment Policy Statement approved by the Board of Directors on March 31, 2017. The League has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Investment objectives include, but are not limited to, maximizing investment return within reasonable and prudent levels of risk; maintaining and growing the real purchasing power of the portfolio; seeking an investment return that compares favorably against appropriate and relevant market benchmarks; and controlling investment management costs. The League's Investment Committee seeks to balance long-term risk and return for the portfolio by implementing an investment strategy that provides broad, global diversification across asset classes, geographic regions, market capitalizations, and investment styles. The target rate of annual return on the

Endowment portfolio return is anticipated to be 7%. Actual returns in any given year may vary from this amount. To satisfy this long-term rate of return objective, the investment portfolio is structured on a total return approach, through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment Fund is managed by the Investment Committee and an independent investment advisor, as authorized and overseen by the Board of Directors.

## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 9 – Endowment (continued)**

The League uses an Endowment spending-rate formula each year to determine the maximum amount available to spend from the Endowment. The rate is applied to the average fair value of the Endowment assets for the most recent twelve quarters, or the number of quarters since inception, if twelve quarters are not available. For the fiscal years ending May 31, 2020 and 2019, the spending rate was established at a maximum of 4%, per the Investment Policy Statement. In establishing this spending policy, the League considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

In October 2019, the League voted to donate \$300,000 of proceeds from the sale of the Mayo Carter House to the Endowment Fund. This transfer of funds is reflected on the Statement of Activities as reclass in net assets at a settlement value of \$300,000. In April 2019, the membership of the League voted to donate \$250,000 held in the Sustainability Reserves to the Endowment Fund. This transfer of funds is reflected on the Statement of Activities as a reclass in net assets at settlement value of \$249,907.

In May 2019, the League's Community Impact Strategic Task Force designated \$544,000 from the sale of the Mayo Carter House for use on community purposes. In March 2020, the Board voted to move this \$544,000 to a divestible Board-Designated Quasi-Endowment. This Quasi-Endowment is subject to terms of the League's Investment Policy Statement. It is managed by the Investment Committee and an independent investment advisor, as authorized and overseen by the Board of Directors. Funds from the 4% maximum annual spending distribution may only be appropriated for direction toward community projects that fulfill the community focus of the League and may not be used for operations or overhead. With the recommendation of the Investment Committee and approval of the Board, principal may be divested for projects which meet the criteria of supporting the League's "Women Helping Women" community focus, as determined by the League's Research, and Evaluation, and Planning Committee. As of May 2023, the Board shall vote to convert all remaining funds to a legally binding Community Endowment, permanently restricting the principal but maintaining the requirement that annual spending distributions must be appropriated for spending on community projects that fulfill the community focus of the League and may not be used for operations or overhead. No contributions shall be accepted to the Community Quasi-Endowment until June 2023, when the fund converts to a legally binding endowment. The establishment of the Community Quasi-Endowment is included in the purchase of Investment on the Statement of Cash Flows for the year ended May 31, 2020.



# The Junior League of Richmond, Virginia, Inc.

## Notes to Financial Statements Year Ended May 31, 2020

### Note 9 – Endowment (continued)

Changes in the Endowment net assets for the years ending May 31, 2020 and 2019 are as follows:

<u>Year ended May 31, 2020</u>	Unrestricted Board Designated <u>Quasi-Endowment</u>	<u>Restricted</u>	<u>Total</u>
Balance at Beginning of Year	\$ -	\$ 486,151	\$ 486,151
Cash Invested	544,000	300,100	844,100
Appropriations for expenditure	-	(19,688)	(19,688)
Investment Return			
Dividends and Interest	516	11,845	12,361
Net Realized and Unrealized Gains (Losses)	97,630	12,041	109,671
Total Investment Return	98,146	23,886	122,032
Balance at End of Year	<u>\$ 642,146</u>	<u>\$ 790,449</u>	<u>\$ 1,432,595</u>

<u>Year ended May 31, 2019</u>	<u>Restricted</u>	<u>Total</u>
Balance at Beginning of Year	\$ 249,861	\$ 249,861
Cash Invested	249,907	249,907
Appropriations for expenditure	-	-
Investment Return		
Dividends and Interest	5,277	5,277
Net Realized and Unrealized Gains (Losses)	(18,894)	(18,894)
Total Investment Return	(13,617)	(13,617)
Balance at End of Year	<u>\$ 486,151</u>	<u>\$ 486,151</u>

Endowment assets subject to appropriation for the following fiscal year at May 31, 2020 and 2019 were \$22,163 and \$19,688, respectively.

**The Junior League of Richmond, Virginia, Inc.**

Notes to Financial Statements  
Year Ended May 31, 2020

**Note 10 –Net Assets with Donor Restrictions**

Net assets with donor restrictions as of May 31, 2020 and 2019 are designated for the following purposes:

	<b>May 31, 2020</b>	<b>May 31, 2019</b>
Dues Scholarships	\$ 1,736	\$ 547
Little Black Dress Initiative	129	-
Endowment: subject to spend policy	790,449	486,151
For periods after May 31	-	-
	<u>\$ 792,314</u>	<u>\$ 486,698</u>

Net assets were released from donor restrictions as the League incurred expenses satisfying the restricted purposes specified by donors. In the calculation of net assets released from restrictions, no allocation of indirect expenses/overhead was used. Only the direct expenses of the program were applied, as the grantors were silent on the matter. In-kind donations are reported as restricted revenue until the donated items are used or services have been completed, at which time the value of the donation is reclassified as a net asset released from restriction.

	<b>Year Ended May 31,</b>	
	<b>2020</b>	<b>2019</b>
Purpose restrictions accomplished		
Little Black Dress Initiative	\$ 4	\$ 27,672
Dues Scholarships	693	594
In-Kind Donations	456,653	580,141
Families First	500	-
Kids in the Kitchen	1,000	-
Endowment spending allocation	19,688	
Clothes Rack	-	360
Training Institute for Leadership Impact	-	750
	<u>478,538</u>	<u>609,517</u>
Time restrictions expired	-	-
Total restrictions released	<u>\$ 478,538</u>	<u>\$ 609,517</u>



**The Junior League of Richmond, Virginia, Inc.**

Notes to Financial Statements  
Year Ended May 31, 2020

**Note 11 – Donated Professional Services and Goods**

Donations in-kind of professional services and goods for the years ended May 31, 2020 and 2019, consisted of the following:

<u>May 31, 2020</u>	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
General supplies/ services	\$ 169	\$ 40	\$ 4,766	\$ 4,975
Publicity/ printing	-	-	250	250
Inventory for Sale	451,428	-	-	451,428
	<u>\$ 451,597</u>	<u>\$ 40</u>	<u>\$ 5,016</u>	<u>\$ 456,653</u>

<u>May 31, 2019</u>	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
General supplies/ services	\$ 908	\$ 560	\$ 8,984	\$ 10,452
Publicity/ printing	-	-	2,000	2,000
Inventory for Sale	567,689	-	-	567,689
	<u>\$ 568,597</u>	<u>\$ 560</u>	<u>\$ 10,984</u>	<u>\$ 580,141</u>

In-kind expense is recognized at the time of revenue recognition and classified appropriately into program services, fundraising, or management and general expenses. In-kind donations are reported as restricted revenue until the donated items are used or services have been completed, at which time the value of the donation is reclassified as a net asset released from restriction.

# The Junior League of Richmond, Virginia, Inc.

## Notes to Financial Statements Year Ended May 31, 2020

### Note 12 - Investments

Investments are carried at market or appraised value, and net realized and unrealized gains and losses are reflected in the statements of activities. One portfolio contains investments designated as Reserve Funds. A separate portfolio contains investments for the Junior League of Richmond Endowment Fund. Uninvested, unrestricted funds held in a custodial account are classified as Cash on the Statement of Financial Position.

Long-term investment activity is reflected below for the fiscal years ending May 31:

	Reserve Fund	Endowment Fund	Community Quasi- Endowment	Total FY 20	Total FY19
Investment Balance at beginning of year					
Principal + Accumulated Earnings	\$ 576,601	\$ 460,362	\$ -	\$ 1,036,963	\$ 1,007,167
Accumulated Net Realized and Unrealized Gains (Losses)	287,057	25,789	-	312,846	362,311
	<u>863,658</u>	<u>486,151</u>	<u>-</u>	<u>1,349,809</u>	<u>1,369,478</u>
Cash Invested	(18,590)	280,412	522,670	784,492	-
Investment Returns					
Dividends and Interest, net of fees	10,331	11,845	515	22,691	29,796
Net Realized and Unrealized Gains (Losses)	37,164	12,041	97,630	146,835	(49,465)
Total Return on Investments	<u>47,495</u>	<u>23,886</u>	<u>98,145</u>	<u>169,526</u>	<u>(19,669)</u>
Investment Balance at end of year	<u>\$ 892,563</u>	<u>\$ 790,449</u>	<u>\$ 620,815</u>	<u>\$ 2,303,827</u>	<u>\$ 1,349,809</u>
Cash Balance at end of year	<u>154,949</u>	<u>-</u>	<u>21,330</u>	<u>176,279</u>	
Total Fund Balance at end of year	<u>\$ 1,047,512</u>	<u>\$ 790,449</u>	<u>\$ 642,145</u>	<u>\$ 2,480,106</u>	

Dividends and interest are reported net of investment advisory/ custodial fees of \$10,480 for the year ended May 31, 2020, and \$8,149 for the year ended May 31, 2019. Interest earned on cash and cash equivalent accounts without donor restrictions was \$17,472 for the year ended May 31, 2020 and \$19,812 for the year ended May 31, 2019.

### Note 13 – Merchandising Revenue

Merchandising revenue for the years ended May 31, 2020 and 2019 consisted of the following:

	2020	2019
Event Book Sales	\$ 393	\$ 13,697
Clothes Rack Stores	450,014	579,092
Other Merchandise	2,680	3,218
Advertising Sales	2,250	5,975
Other (Raffles, Vendor Fees, Service Fee)	2,220	9,200
	<u>\$ 457,557</u>	<u>\$ 611,182</u>

**The Junior League of Richmond, Virginia, Inc.**

**Notes to Financial Statements  
Year Ended May 31, 2020**

**Note 14 – Special Events Revenue**

Special events revenue for the years ended May 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Book & Author Ticket Sales	\$ 8,145	\$ 35,410
Touch a Truck Ticket Sales	26,410	19,495
Leadership Breakfast	18,685	-
Other Events	3,120	780
	<u>\$ 56,360</u>	<u>\$ 55,685</u>

**Note 15 - Joint Costs of Activities that Include a Fundraising Appeal**

The League produces communications which include requests for contributions in support of the organization's mission. During the years ended May 31, 2020 and 2019, the costs of producing these communications included joint costs not directly attributable to any single function. These costs were allocated among the following functional expense categories:

	<u>2020</u>	<u>2019</u>
Community Programs	\$ 985	\$ 992
Promoting Voluntarism	1,182	270
Leadership Development	394	-
Retail Programs	394	180
Special Events & Development	1,575	721
Management & General	1,772	721
	<u>\$ 6,302</u>	<u>\$ 2,884</u>

## The Junior League of Richmond, Virginia, Inc.

### Notes to Financial Statements Year Ended May 31, 2020

#### Note 16 – Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied, as determined by management. Methods of allocation and the expenses to which they are applied include the following:

	<u>Resource Utilization</u>	<u>Time &amp; Effort</u>	<u>AJLI Pronouncement</u>
Advertising	Professional Fees	Salaries and Wages	Association Dues
Audit Fee	Recognition	Payroll Taxes	
Bank Fees	Repairs and Maint	401(k)	
Computer Hardware	Security	Employee Benefits	
Computer Software	Space Rental		
Food and Beverage	Registration/ Tuition		
Insurance	Supplies		
Postage and Shipping	Taxes and Licenses		
Printing and Copying	Technology Maintenance		
	Utilities		

#### Note 17 - Employee Benefit Plan

The League sponsors a tax-deferred retirement plan qualified under IRC Section 401(k) covering all employees who meet eligibility and participation requirements. Participants may contribute annually up to IRS limitations, and the League contributes a voluntary profit-sharing amount, generally equal to 5% of the eligible employee's annual salary. For the years ended May 31, 2020 and 2019, the League contributed \$14,665 and \$11,777, respectively.

#### Note 18 – Related Organizations and Parties

The League is an autonomous delegate to the Association of Junior Leagues International, Inc. ("AJLI"). A portion of Membership revenue is paid to AJLI annually. In the years ended May 31, 2020 and 2019, respectively, \$36,889, and \$37,733 was paid to AJLI. AJLI has determined that 85% of these dues shall be classified as program expenses and 15% shall be classified as management and general expenses. This allocation is reflected in amounts reported on the statements of activities and the statements of functional expenses (See Note 16).

The League has a conflict-of-interest policy, which is signed annually by the members of the Board of Directors. This policy requires disclosure of any related parties with which the League may transact business, including other nonprofit organizations.



## **The Junior League of Richmond, Virginia, Inc.**

### **Notes to Financial Statements Year Ended May 31, 2020**

#### **Note 19 – Subsequent Events and Certain Concentrations**

In preparing these financial statements, the League has evaluated events and transactions for potential recognition or disclosure through December 10, 2020 the date the financial statements were available to be issued.

In early 2020, the League was directly impacted by the coronavirus outbreak (COVID-19). On January 31, 2020, the U.S. Health and Human Services Secretary declared a public health emergency for the United States. In March 2020, the Governor of the Commonwealth of Virginia issued Executive Order No. 53, temporarily restricting the operation of nonessential businesses.

In response to the Governor's order, the League closed both thrift store locations of The Clothes Rack and the League Headquarters for the remainder of the fiscal year ending May 31, 2020. The Clothes Rack staff and the Development Director were furloughed on a short-term basis. Headquarters personnel were permitted on premises only to complete critical business functions until mid-June. The Clothes Rack on Cary Street reopened for limited hours in mid-June under safety guidelines and mandates provided by the Commonwealth, the City of Richmond, and various health authorities. The Clothes Rack at Stratford Hills reopened in mid-August.

If the stores must close again and/or remain closed for an extended period of time, it is reasonably possible such closings could have a severe impact on the League's operations in the near-term.

The League does not know the overall effect on its operations from the temporary closure of the stores and the operational changes required for safely reopening.

The League has traditionally held large, in-person fundraising events that serve as a primary source of revenue in the form of ticket sales and corporate sponsorships. The coronavirus outbreak has eliminated the ability to hold these events in their traditional formats. The coronavirus outbreak has also detrimentally impacted the local economy and many small businesses who financially support these events. While the League is proceeding with revised plans in lieu of traditional formats, it is reasonably possible that a negative public and/or corporate sponsor response to the alternatives could have a severe impact on the League's operations in the near-term.

The League does not know the overall effect on its operations from the fundraising format changes that will be made to accommodate COVID-19 safety guidelines and mandates.

The League does not know the overall effect on its operations from the COVID-19 pandemic.