

The Junior League of Richmond, Virginia, Inc.

Financial Statements

Fiscal Years ended May 31, 2024 and 2023

The Junior League of Richmond, Virginia, Inc. is 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 origin who demonstrate an interest in, and commitment to, voluntarism.

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The Junior League of Richmond, Virginia, Inc.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of The Junior League of Richmond, Virginia, Inc. (a non-profit organization hereafter referred to as the "Organization"), which comprise the statements of financial position as of May 31, 2024, and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the fiscal years then ended, and the related notes to the financial statements (collectively hereafter the "financial statements"). A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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 ("U.S. GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Independent Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants ("AICPA"). Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are also required to be independent of the Organization and to meet other ethical responsibilities in accordance with the relevant ethical requirements related to our review as promulgated by the AICPA and other regulatory bodies.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Independent Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with U.S. GAAP.

Clarkson David, CPA, P.C.

Glen Allen, Virginia
October 28, 2024

The Junior League of Richmond, Virginia, Inc.
STATEMENTS OF FINANCIAL POSITION
Years Ended May 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 538,093	\$ 367,162
Investments (Note 4)	3,266,459	3,123,157
Accounts receivable	2,397	786
Prepaid expenses and other assets	22,875	22,130
Inventories	74,653	63,285
Total current assets	3,904,477	3,576,520
Property and equipment, net (Note 6)	452,632	502,162
Operating lease right-of-use assets (Note 7)	682,693	35,105
Total assets	\$ 5,039,802	\$ 4,113,787
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 37,825	\$ 103,757
Current portion of operating lease liabilities (Note 7)	75,220	28,717
Deferred revenues	84,010	96,106
Total current liabilities	197,055	228,580
Operating lease liabilities, less current portion (Note 7)	634,476	6,745
Total liabilities	831,531	235,325
Net Assets		
Without donor restrictions		
Available for general expenditures	2,936,634	2,461,794
Board designated		
Quasi endowments (Notes 4 and 5)	986,976	1,095,334
JLR centennial fund	150,000	150,000
Building improvement fund	52,945	100,000
Total Board designated	1,189,921	1,345,334
Total net assets without donor restrictions	4,126,555	3,807,128
With donor restrictions		
Endowment (Notes 4 and 5)	81,716	71,334
Total net assets with donor restrictions	81,716	71,334
Total net assets	4,208,271	3,878,462
Total liabilities and net assets	\$ 5,039,802	\$ 4,113,787

See accompanying notes and independent accountant's review report.

The Junior League of Richmond, Virginia, Inc.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended May 31, 2024 and 2023

	For the Year Ended May 31, 2024			For the Year Ended May 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Thrift store sales, net (Notes 2 and 8)	\$ 612,683	\$ -	\$ 612,683	\$ 523,496	\$ -	\$ 523,496
Contributions	138,126	-	138,126	119,327	-	119,327
In-kind contributions (Note 9)	21,048	-	21,048	27,021	-	27,021
Membership dues	96,966	-	96,966	105,734	-	105,734
Investment return (Notes 4 and 5)	397,648	10,382	408,030	(12,033)	(4,634)	(16,667)
Other income	714	-	714	367	-	367
Rental income - Verizon	7,187	-	7,187	7,187	-	7,187
Special events, net (Note 10)	10,560	-	10,560	24,198	-	24,198
Total support and revenue	<u>1,284,932</u>	<u>10,382</u>	<u>1,295,314</u>	<u>795,297</u>	<u>(4,634)</u>	<u>790,663</u>
Expenses						
Program services	753,476	-	753,476	927,388	-	927,388
Management and general	124,963	-	124,963	28,676	-	28,676
Fundraising	87,066	-	87,066	51,326	-	51,326
Total expenses	<u>965,505</u>	<u>-</u>	<u>965,505</u>	<u>1,007,390</u>	<u>-</u>	<u>1,007,390</u>
Change in net assets	319,427	10,382	329,809	(212,093)	(4,634)	(216,727)
Net assets, beginning of year	<u>3,807,128</u>	<u>71,334</u>	<u>3,878,462</u>	<u>4,095,189</u>	<u>-</u>	<u>4,095,189</u>
Net assets, end of year	<u><u>\$ 4,126,555</u></u>	<u><u>\$ 81,716</u></u>	<u><u>\$ 4,208,271</u></u>	<u><u>\$ 3,883,096</u></u>	<u><u>\$ (4,634)</u></u>	<u><u>\$ 3,878,462</u></u>

See accompanying notes and independent accountant's review report.

The Junior League of Richmond, Virginia, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2024

	Total	Program Services	Supporting Services	
			Management and General	Fundraising
Salaries and wages	\$ 307,898	\$ 206,292	\$ 64,659	\$ 36,947
Payroll taxes	24,646	16,513	5,176	2,957
Employee benefits (Note 11)	8,113	5,436	1,704	973
Total salaries and related costs	340,657	228,241	71,539	40,877
Advertising	1,560	1,045	328	187
Community programs	24,465	24,465	-	-
Depreciation (Note 2)	56,115	37,597	11,784	6,734
Dues to National Affiliate (Note 12)	25,198	25,198	-	-
Grants	191,002	191,002	-	-
Insurance	13,607	9,117	2,857	1,633
Loss on disposal of equipment (Note 6)	57,907	57,907	-	-
Maintenance and repairs	36,774	24,639	1,839	10,296
Merchant account fees	17,530	11,745	3,681	2,104
Occupancy (Note 7)	115,116	85,186	14,965	14,965
Office operations and program supplies	13,264	8,887	2,785	1,592
Other	61,078	40,922	12,826	7,330
Professional fees	11,232	7,525	2,359	1,348
Subtotal	624,848	525,235	53,424	46,189
Total Expenses	\$ 965,505	\$ 753,476	\$ 124,963	\$ 87,066

See accompanying notes and independent accountant's review report.

The Junior League of Richmond, Virginia, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2023

	Total	Program Services	Supporting Services	
			Management and General	Fundraising
Salaries and wages	\$ 277,348	\$ 232,263	\$ 15,028	\$ 30,057
Payroll taxes	21,221	17,826	1,061	2,334
Employee benefits (Note 11)	5,182	4,353	259	570
Total salaries and related costs	303,751	254,442	16,348	32,961
Advertising	2,032	1,707	102	223
Community programs	23,578	23,578	-	-
Depreciation (Note 2)	39,122	32,862	1,956	4,304
Dues to National Affiliate (Note 12)	28,128	28,128	-	-
Grants	382,002	382,002	-	-
Insurance	11,467	9,632	573	1,262
Loss on disposal of equipment (Note 6)	2,008	2,008	-	-
Maintenance and repairs	34,008	28,567	1,700	3,741
Merchant account fees	17,040	14,178	2,862	-
Occupancy (Note 7)	102,586	98,483	2,052	2,051
Office operations and program supplies	13,524	11,360	676	1,488
Other	36,523	30,679	1,826	4,018
Professional fees	11,621	9,762	581	1,278
Subtotal	703,639	672,946	12,328	18,365
Total Expenses	\$ 1,007,390	\$ 927,388	\$ 28,676	\$ 51,326

See accompanying notes and independent accountant's review report.

The Junior League of Richmond, Virginia, Inc.
STATEMENTS OF CASH FLOWS
Years Ended May 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ 329,809	\$ (216,727)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,115	39,122
Net unrealized (gains) losses on investments	(293,495)	223,560
Net realized (gains) losses on investments	(25,309)	(70,980)
Reinvested interest and dividends, net	(46,916)	(76,998)
Investment advisory fees	15,569	12,065
(Increase) decrease in inventories	(11,368)	(12,837)
Loss on disposal of property and equipment	57,907	2,008
(Increase) decrease in operating assets:		
Accounts receivable	1,611	(571)
Prepaid expenses and other assets	745	(7,218)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(65,932)	96,781
Deferred revenues	(12,096)	(7,115)
Net cash used by operating activities	6,640	(18,910)
Cash Flows From Investing Activities		
Purchases of investments	(1,262,113)	(2,003,756)
Proceeds from sales of investments	1,490,896	1,444,897
Purchases of property and equipment	(64,492)	(161,212)
Net cash provided (used) in investing activities	164,291	(720,071)
Net increase (decrease) in cash and cash equivalents	170,931	(738,981)
Cash and cash equivalents, beginning of year	367,162	1,106,143
Cash and cash equivalents, end of year	\$ 538,093	\$ 367,162

See accompanying notes and independent accountant's review report.

The Junior League of Richmond, Virginia, Inc.

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

The Junior League of Richmond, Virginia, Inc. (hereafter the "League") is a Virginia non-stock corporation founded in 1926. The League is classified as a Section 501(c)(3) non-profit organization pursuant to the regulations of the Internal Revenue Service. The League's purpose is exclusively educational and charitable.

The League is 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 origin 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 a resale thrift store operating as "The Clothes Rack" since 1947. The Clothes Rack operations are made possible through donations of used clothing and household goods from the community at-large. A mobile thrift store, "The Rolling Rack", was developed in fiscal 2021 and became operational in fiscal 2022. The League also sells its own League branded merchandise.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The League adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP") and reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets, support, and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that may or will be met by the passage of time and/or the actions of the League. Other donor-imposed stipulations that will never lapse require the funds to be maintained permanently by the League. Generally, the donors of these assets permit the League to use all or part of the income earned on related investments for general or specific purposes. The League does not have net assets required to be permanently maintained.

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the board of directors.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue recognition policy

Revenue is measured based on consideration specified in written or implied contracts with donors and customers. The League recognizes revenue when it satisfies a performance obligation by transferring control over a product or service. The League has no contract assets or liabilities to report as of May 31, 2024. Performance obligations are described below:

Special events revenue - For performance obligations related to special events revenue, control transfers to the attendee over time. Revenue is recognized over the course of the event.

Membership dues - For performance obligations related to membership dues, control transfers to the member over time. Revenue is recognized over the course of the fiscal year.

Sales - For performance obligations related to sales, control transfers to the customer at point of sale. Accordingly, revenue is recognized at point of sale. The Clothes Rack no longer has a return policy other than for electronics, and those must be returned within seven days. Prior to discontinuing its no-return policy, returns were historically insignificant and the corresponding performance obligation was not measured.

Contributions

The League receives pledges from donors for specific program purposes. Generally speaking, the form and content of these pledge agreements do not meet the criteria established by Topic 958 to record these pledge agreements as receivables.

Accounts receivable

Accounts receivable at May 31, 2024, and 2023, consisted primarily of contributions. Receivables are recorded at the invoiced amount and adjusted to reflect the estimated amount management expects to collect. The League employs the allowance method to estimate potential credit losses, which is based on management's assessment of the collectability of outstanding receivables. This assessment takes into account factors such as historical loss experience, the aging of accounts, and current economic conditions that may impact the ability of donors, grantors, and other parties to fulfill their payment obligations.

The League continuously evaluates accounts receivable and determined that no allowance for credit losses was necessary for the years ended May 31, 2024, and 2023. Accounts receivable deemed uncollectible are written off, and any subsequent recoveries are recognized when received.

Grants

The League periodically awards grants to various local non-profit organizations that further the League's mission. Grants are recognized in the year that the grant is awarded.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional allocation of expenses

The costs of 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 the programs and supporting services benefited.

Expense Allocation: The financial statements include certain expenses that are attributed to more than one program or supporting function, necessitating allocation on a reasonable and consistently applied basis. Allocated expenses include occupancy and depreciation, which are based on square footage, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other general expenses. The following allocation model was applied for the fiscal years ended May 31, respectively.

	2024	2023
Program	67%	67%
Management and General	21%	21%
Fundraising	12%	12%

Deferred revenues

Deferred revenues represent membership dues received in the current year for the forthcoming fiscal year and rental income paid in advance.

In-kind contributions

Donated Services and Goods: Donated services are recognized in the financial statements at fair value if they either create or enhance non-financial assets, or if they require specialized skills that the individuals providing the service possess and would otherwise be purchased if not donated. Donated goods, such as food, supplies, and equipment, are recorded at their estimated fair value on the date of donation.

In-kind contributions are recorded as contribution revenue and a corresponding expense in the statement of activities when received. The fair value of donated items is determined based on market prices or appraisal when available, ensuring consistency and reliability in the valuation of contributions.

Use of estimates

The preparation of financial statements in conformity with U.S. 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.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and cash equivalents

The League considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Cash balances held in the League's investment portfolio and endowment are excluded from this definition.

Investments

Investments are initially reported at cost, if purchased, or at fair value on date of donation. Thereafter, investments are reported at fair value using Level 1 methodology. Net investment return (loss) is reported in the statement of activities and changes in net assets and consists of interest and dividends, realized gains and losses, and unrealized gains and losses less investment management fees.

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

Inventories

Inventories consist of used clothing and household items and other League branded merchandise. The League receives contributions of used clothing and household goods (inventory) and processes these contributions as merchandise available for sale in its retail thrift store. U.S. GAAP requires that contributions received be recognized as revenues in the period received and as assets or decreases of liabilities or expenses depending on the form of the benefits received at their estimated fair value. For additional details on in-kind contributions, including changes in inventory, see Note 9.

The League believes that the inventory of contributed used clothing and household items does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. It is only through the League's value-added processes that prepare the donated inventory for sale that the donated inventory derives its value. Accordingly, inventory quantities are valued at year-end using a proprietary model developed by management and the difference between year-end inventory valuations is included in the statement of activities and changes in net assets in "Thrift store sales, net".

The inventory of League merchandise is stated at cost, determined by the average cost method.

Advertising costs

Advertising costs are expensed as incurred and reported in the statement of functional expenses based on the nature and purpose of the advertisement. Advertising expense amounted to \$1,560 and \$2,032 for the fiscal years ended May 31, 2024, and 2023, respectively.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Volunteer services

The League is the grateful recipient of significant services by hundreds of members and other volunteers who have made invaluable contributions of their time and talent to aid the League in its mission. Predominantly, volunteers provide services in the League's program services, thrift store operations or as Board or committee members. As the value of such services is not subject to accurate measurement, pursuant to Topic 958, the value of these contributed services is not reflected in the accompanying financial statements.

Property and equipment

Property and equipment are stated at cost, if purchased, or at estimated fair value if donated. The League's policy is to capitalize all assets with an original cost or estimated fair value over \$500. Depreciation expense is computed on the straight-line method over the useful lives of the assets ranging from three to 40 years. Depreciation expense for the years ended May 31, 2024, and 2023, was \$56,115 and \$39,122, respectively.

When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. Any resulting gain or loss is reported in the statement of activities and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Compensated absences

Certain employees are entitled to paid personal days off. No liability has been recorded in the accompanying financial statements. If the costs were accrued as earned, it would have an immaterial effect on the financial statements. The League's policy is to recognize the costs of compensated absences when actually paid.

Concentration of credit risks

The League manages deposit concentration risk by placing excess cash with multiple federally insured financial institutions. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Management has evaluated its deposit concentrations and does not believe the League is exposed to undue risk of loss.

Fair Value Measurements

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reclassifications and presentation

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements. These reclassifications had no effect on the net assets.

Recent Accounting Pronouncements

Management is unaware of any accounting standards that have been issued or proposed by the Financial Accounting Standards Board or any other standards-setting bodies that are expected to have a material impact on the League's financial statements.

NOTE 3 - LIQUIDITY AND AVAILABLE RESOURCES

Liquidity and Reserves Management: The League manages its liquidity and reserves to ensure sufficient cash is available to meet operating needs as of June 30, 2024, respectively. To achieve this, the League maintains financial assets on hand that are available to meet general expenditures, liabilities, and other obligations as they come due. The following schedule reflects the League's financial assets as of the statement of financial position date, adjusted for amounts unavailable for general use due to board designations or donor-imposed restrictions.

	2024	2023
Cash and cash equivalents	\$ 538,093	\$ 367,162
Investments (Note 4)	3,266,459	3,123,157
Accounts receivable	2,397	786
Total financial assets	3,806,949	3,491,105
Less: Amounts not available to be used within one year, due to:		
Board designated quasi-endowment (Note 5)	(934,184)	(877,420)
Net assets with donor restrictions	(81,716)	71,334
Financial assets available to meet general expenditures within one year	\$ 2,791,049	\$ 2,685,019

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The League manages three investment portfolios organized into three distinct sub-groups: Operating and Sustainability Reserve, Board-Designated Quasi-Endowments, and Endowment Funds. Each sub-group includes funds managed according to the League's investment policy, which outlines guidelines for diversification, risk management, and long-term capital preservation with the goal of generating returns to support the League's programs and operations.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

Operating and Sustainability Reserve

Operating Reserve

The purpose of the Operating Reserve is to serve as an internal line of credit, over and above cash on hand, for use in unusual circumstances or unforeseen emergencies. The amount of the Operating Reserve is calculated annually upon approval of the upcoming fiscal year operating budget and equals six months of monthly budgeted operating expenses. Remaining funds not designated to the Operating Reserve Fund are designated to the Sustainability Reserve.

Sustainability Reserve

The purpose of the Sustainability Reserve is to provide funding for (a) major repairs or acquisitions; (b) meeting special program or community opportunities that further the League's mission; and (c) long-term sustainability. No more than 25% of the Sustainability Reserve Fund shall be spent on any single endeavor.

Board Designated Quasi-Endowments

Board designated quasi-endowment funds are designated to function as an endowment to support the League's long-term financial stability and community outreach programs. While treated as an endowment for financial reporting purposes, these funds are not subject to donor restrictions. The Board retains discretion over the re-designation and use of both principal and income as needed, allowing for flexibility to adapt to future programmatic needs.

Endowment Funds

The donor-restricted endowment funds consist of contributions received with donor stipulations that they be invested in perpetuity to provide a permanent source of income for the League. The investment return from these funds are used in accordance with the donors' restrictions, if any, and are classified as net assets with donor restrictions until appropriated for expenditure (See Note 5, below).

Investment Composition

All investments are valued using the fair value hierarchy, which defines three levels of inputs. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the League can access at the measurement date. The League had no investments classified as Level 2 or Level 3 during the fiscal year. The investment composition of the three investment portfolio sub-groups are as follows at May 31:

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

Investment Composition (continued)

	2024	2023
Operating and sustainability reserve		
Cash equivalents	\$ 26,267	\$ 1,617
Exchange-traded funds	2,171,501	1,954,872
Total operating and sustainability reserve	2,197,768	1,956,489
Board designated quasi-endowments		
Endowment		
Cash equivalents	9,816	1,281
Exchange-traded funds	924,368	876,139
Community Grants		
Cash equivalents	-	1,701
Exchange-traded funds	53,060	216,214
Total board designated quasi-endowments	987,244	1,095,335
Donor restricted endowment		
Endowment		
Cash equivalents	859	104
Exchange-traded funds	80,588	71,229
Total donor-restricted endowment	81,447	71,333
Total investments	\$ 3,266,459	\$ 3,123,157

Certain of the League's investments are exposed to various risks, including market risk, interest rate risk, and credit risk. These investments are subject to market volatility that could substantially change their fair values in the near term.

Investment Return

A summary of the investment activity for the fiscal years ended May 31 consists of the following:

	2024	2023
Without donor restrictions:		
Operating and sustainability reserve		
Interest and dividends	\$ 66,751	\$ 33,240
Realized gains (losses)	9,245	(26,758)
Unrealized gains (losses)	191,060	(4,491)
Less: investment advisory fees	(9,909)	(6,322)
Total operating and sustainability reserve return	257,147	(4,331)

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

Investment Return (continued)

	2024	2023
Board designated quasi-endowments		
Interest and dividends	\$ 38,044	\$ 43,758
Realized gains (losses)	14,758	94,243
Unrealized gains (losses)	92,899	(140,427)
Less: investment advisory fees	(5,200)	(5,276)
Total board designated quasi-endowment returns	140,501	(7,702)
Total without donor restrictions	397,648	(12,033)
With donor restrictions:		
Endowment		
Interest and dividends	-	-
Realized gains (losses)	1,306	3,495
Unrealized gains (losses)	9,536	(7,662)
Less: investment advisory fees	(460)	(467)
Total with donor restrictions	10,382	(4,634)
Net investment return	\$ 408,030	\$ (16,667)

NOTE 5 - ENDOWMENT NET ASSETS

On December 14, 2017, the League established its endowment fund, which includes both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. These funds support the League's long-term financial stability and its mission-driven activities. The Endowment Fund is governed by a board approved Investment Policy Statement, which outlines the objectives and guidelines for managing the investments. The Investment Committee, composed of board members and overseen by the Board of Directors, is responsible for overseeing the fund's management. This committee works in conjunction with an independent investment advisor to ensure the fund's assets are managed prudently and in alignment with the League's strategic goals.

In accordance with U.S. GAAP, the net assets associated with the Endowment Fund are classified and reported based on the presence or absence of donor-imposed restrictions. Donor restricted endowment funds are subject to restrictions placed by donors. Board designated endowment funds are classified based on internal designations by the Board of Directors. Although not restricted by donors, these funds are intended to be used or function like endowment funds for specific purposes as determined by the Board.

The Junior League of Richmond, Virginia, Inc.

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 5 - ENDOWMENT NET ASSETS - Continued

The League's Board of Directors has interpreted the 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. As a result, the League retains in perpetuity the original value of initial and subsequent gifts donated to the Endowment and any accumulations to the Endowment made in accordance with the direction of the applicable 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.

Investment objectives

Endowment Fund assets are subject to the Organization's Board-approved Investment Policy Statement. The League has adopted investment and spending policies for the Endowment that are designed to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the underlying assets. The investment objectives include maximizing investment return within reasonable and prudent levels of risk, maintaining and growing the real purchasing power of the underlying assets, 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 return is 7%. To satisfy this target rate of annual return, the Endowment's underlying assets are invested using a total return approach, through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

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 underlying assets for the most recent twelve quarters. For the fiscal years ended May 31, 2024, and 2023, the spending rate was established at a maximum of 4% as stipulated by the Investment Policy Statement. In establishing this spending policy, the League considered the long-term expected return on the Endowment and established the spending rate with the objective of maintaining the purchasing power of the Endowment over time.

The League considers several factors in making a determination to appropriate or accumulate donor restricted endowment funds, including the duration and preservation of the fund, the purposes of the League, general economic conditions and the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, and other League resources.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 5 - ENDOWMENT NET ASSETS - Continued

The composition of the endowment net assets is as follows for the fiscal years ended May 31:

	2024	2023
Board designated endowment funds	\$ 986,976	\$ 1,095,334
Donor restricted endowment funds	81,716	71,334
Total endowment net assets	<u>\$ 1,068,692</u>	<u>\$ 1,166,668</u>

Changes in endowment net assets are as follows for the year ended May 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,095,334	\$ 71,334	\$ 1,166,668
Investment activity:			-
Interest and Dividends	38,044	-	38,044
Net realized gains (losses)	14,758	1,306	16,064
Net unrealized gain (losses)	94,107	9,536	103,643
Contributions	-	-	-
Appropriations for expenditure	(255,267)	(460)	(255,727)
Endowment net assets, end of year	<u>\$ 986,976</u>	<u>\$ 81,716</u>	<u>\$ 1,068,692</u>

Changes in endowment net assets are as follows for the year ended May 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,449,901	\$ 75,968	\$ 1,525,869
Investment activity:			-
Interest and Dividends	43,758	-	43,758
Net realized gains (losses)	94,243	3,495	97,738
Net unrealized gain (losses)	(140,427)	(7,662)	(148,089)
Contributions	32,810	-	32,810
Appropriations for expenditure	(384,951)	(467)	(385,418)
Endowment net assets, end of year	<u>\$ 1,095,334</u>	<u>\$ 71,334</u>	<u>\$ 1,166,668</u>

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following for the fiscal years ended May 31:

	2024	2023
Land	\$ 27,437	\$ 27,437
Building and improvements	630,171	607,126
Furniture, fixtures and equipment	163,022	184,051
Vehicles	33,760	54,109
Property and equipment, at cost	854,390	872,723
Less accumulated depreciation	(401,758)	(370,561)
	\$ 452,632	\$ 502,162

For purposes of the statements of cash flows during the fiscal year ended May 31, 2024, the League disposed of furniture and equipment with an original cost and accumulated depreciation of \$82,824 and \$24,917, respectively. During the fiscal year ended May 31, 2023, the League disposed of furniture and equipment with an original cost and accumulated depreciation of \$36,218 and \$34,210, respectively.

NOTE 7 - LEASE COMMITMENTS

The League also elected the following practical expedients contained within the new guidance: (1) the League combines all lease and non-lease components; (2) all lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease and are not recorded on the statements of financial position.

The maturities of operating lease liabilities are as follows for the fiscal years ending May 31:

	Amount
2025	\$ 75,220
2026	80,024
2027	80,722
2028	83,140
2029	85,640
Thereafter	468,275
Total	873,021
Less: imputed interest expense	(163,325)
Present value of lease liabilities	\$ 709,696

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 7 - LEASE COMMITMENTS - Continued

As of May 31, 2024, and 2023, the weighted-average remaining lease term for all operating leases is 9.59 and 2.1 years, respectively. The League utilizes a treasury risk-free borrowing rate as the discount rate associated with the operating leases which was 3.9% and 3.2%, respectively.

Total lease costs included in the accompanying statements of functional expenses in "Office operations and program supplies" and "Occupancy" for the fiscal years ended May 31, 2024, and 2023, were \$84,908 and \$60,312, respectively.

Supplemental cash flow information related to leases as of May 31, 2024, and 2023, was as follows:

	2024	2023
Cash paid for amounts included in measurement of operating lease liabilities:		
Operating cash flows related to operating leases	\$ 64,907	\$ 60,029
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 689,558	\$ 93,522

NOTE 8 - THRIFT SHOP SALES

The League is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to retail sales. The League accounts for the contracts as a collective group, rather than individual contracts, as payment patterns, returns and other customer characteristics are similar. As a result, the League has concluded that revenue would not be materially different than if accounting for revenue on a contract-by-contract basis.

The composition of thrift store sales, net, by fiscal quarter for the fiscal years ended May 31 was as follows:

	2024	2023
August 31	\$ 148,007	\$ 114,048
November 30	164,951	140,247
February 28	139,235	137,211
May 31	149,122	119,153
Total thrift shop sales	601,315	510,659
Change in donated inventory:		
Beginning inventory	63,285	50,448
Ending inventory	(74,653)	(63,285)
Net (increase) in donated inventory	(11,368)	(12,837)
Thrift shop sales, net	\$ 612,683	\$ 523,496

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 9 - IN-KIND CONTRIBUTIONS

The League recognizes in-kind contributions of goods and services that meet specific criteria for recognition. These contributions are recorded at their estimated fair value when received and are presented as a single line item, In-Kind Contributions, in the statement of activities.

Donated goods and services consisted of the following for the year ended May 31, 2024:

Non-Financial Asset	Amount	Usage in Programs	Donor-imposed Restrictions	Fair-Value Method
Advertising	\$ 9,300	Special Events	None	Market Rate
Donated Catering	\$ 3,380	Special Events and Administrative	None	Market Rate
Donated Food	\$ 1,850	Special Events and Administrative	None	Market Rate
Gift Certificates and other Goods	\$ 6,518	Special Events and Administrative	None	Market Rate

Donated goods and services consisted of the following for the year ended May 31, 2023:

Non-Financial Asset	Amount	Usage in Programs	Donor-imposed Restrictions	Fair-Value Method
Donated Rent	\$ 2,800	Special Events	None	Market Rate
Donated Advertising	\$ 9,015	Special Events	None	Market Rate
Donated Catering	\$ 3,460	Special Events	None	Market Rate
Donated Food	\$ 844	Special Events and Administrative	None	Market Rate
Gift Certificates and other Goods	\$ 10,902	Special Events and Administrative	None	Market Rate

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 10 - SPECIAL EVENTS

Special events revenue and expenses for the fiscal year ended May 31, 2024, consisted of the following:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Book and Author	\$ 28,312	\$ 41,067	\$ (12,755)
Touch-a-Truck	51,982	26,711	25,271
Other Fundraising	1,509	3,465	(1,956)
	<u>\$ 81,803</u>	<u>\$ 71,243</u>	<u>\$ 10,560</u>

The special events revenue amounts reported above for Book and Author exclude additional donor contributions and sponsorships totaling \$29,000. Similarly, the reported revenue for Touch-a-Truck excludes donor contributions and sponsorships totaling \$41,176. These contributions are included as contributions in the accompanying statement of activities and changes in net assets. Further details on in-kind contributions can be found in Note 9.

Special events revenue and expenses for the fiscal year ended May 31, 2023, consisted of the following:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Book and Author	\$ 33,888	\$ 47,624	\$ (13,736)
Touch-a-Truck	54,289	16,355	37,934
	<u>\$ 88,177</u>	<u>\$ 63,979</u>	<u>\$ 24,198</u>

The special events revenue amounts reported above for Book and Author exclude additional donor contributions and sponsorships totaling \$34,914. Similarly, the reported revenue for Touch-a-Truck excludes donor contributions and sponsorships totaling \$37,578. These contributions are included as contributions in the accompanying statement of activities and changes in net assets. Further details on in-kind contributions can be found in Note 9.

NOTE 11 - RETIREMENT PLAN

The League adopted a SIMPLE IRA retirement plan effective January 1, 2023. Under the terms of the plan, electing employees may contribute annually up to IRS limitations and the League is required to match 3% of participating employees' eligible compensation. For the fiscal year ended May 31, 2024, the League contributed \$3,587 to the retirement plan.

The Junior League of Richmond, Virginia, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 12 - NATIONAL AFFILIATE

The League is an autonomous delegate to the Association of Junior Leagues International, Inc. (“AJLI”).

The purpose of AJLI is to add value to its member organizations in their fulfillment of The Junior League Mission. Founded in 1901 by social activism pioneer Mary Harriman, the local junior leagues around the country are charitable non-profit organizations of women functioning as civic leaders making a demonstrable impact on their communities, social reform and other socially critical causes.

During the fiscal years ended May 31, 2024, and 2023, the League paid AJLI membership dues in the amount of \$25,198 and \$28,128, respectively. AJLI has reported to the League that 85% of such dues are classified as program expenses and 15% are properly classified as management and general expenses in the accompanying financial statements.

NOTE 13 - TAX MATTERS

As evidenced by its tax determination letter dated January 24, 1979, the League is exempt from federal income tax under Sections 501(c)(3) and 509(a)(2) of the Internal Revenue Code (the “Code”). The League files Form 990, *Return of Organization Exempt from Income Taxes*, and Form 990-T, *Exempt Organization Business Income Tax Return*, on an annual basis.

As a qualifying non-profit organization, the League has been issued a Retail Sales and Use Tax Certificate of Exemption from the Commonwealth of Virginia Department of Taxation. This exemption enables the League to purchase qualifying tangible personal property without being subject to Virginia sales and use tax. The League is unable to accurately quantify the annual tax savings resulting from this exemption. The exemption was renewed in April 2024.

With limited exceptions, the League’s Forms 990 and 990-T are open to examination by the Internal Revenue Service for its 2021 through 2023 tax years. In accordance with FASB ASC Topic 740, *Income Taxes*, management has evaluated the League’s tax positions and has concluded that the League has taken no uncertain tax positions that would require adjustment to or disclosure in the accompanying financial statements.

NOTE 14 - COMMITMENTS

To facilitate incidental and internet-based purchases, the League maintains a corporate credit card with a maximum credit line of \$10,000. This corporate credit card, which is paid in full each month, had available credit of \$10,000 at May 31, 2024.

NOTE 15 - FAIR VALUE MEASUREMENTS

As discussed in Note 3, the League reports all of its investments pursuant to Level 1 criteria as all investments held consist of exchange traded funds that are traded in an active market. All other financial assets and liabilities of the League are short-term in nature and cost is deemed to approximate fair value.

The Junior League of Richmond, Virginia, Inc.

NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

NOTE 15 - FAIR VALUE MEASUREMENTS - Continued

As discussed in Note 4, the League owns real property in the City of Richmond, Virginia with a net book value at May 31, 2024, and 2023, of \$375,296 and \$378,248, respectively. The City of Richmond's property assessment as of January 2024 valued the League's real property at \$1,089,000. Due to the methodologies utilized by the city for real estate assessment purposes, this amount may be suggestive (but not necessarily indicative) of fair value determined on an open market.

NOTE 16 - SUBSEQUENT EVENTS

The League has evaluated events and transactions for potential recognition or disclosure through October 28, 2024, the date the financial statements were available to be issued. This evaluation did not identify any matters requiring adjustment to, or disclosure in, the accompanying financial statements.