

THE JUNIOR LEAGUE OF ATLANTA, INC.
Financial Statements and Supplementary Information
May 31, 2018 and 2017

With Independent Auditor's Report Thereon

Independent Auditor's Report

The Board of Directors
The Junior League of Atlanta, Inc.:

Report on the Financial Statements

I have audited the accompanying financial statements of the Junior League of Atlanta, Inc. (“the League”) which comprise the statement of financial position as of May 31, 2018 and the related statements of activities, cash flows, and functional expenses 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the League as of May 31, 2018, 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

I have previously audited the Junior League of Atlanta, Inc.'s 2017 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated July 11, 2017. In my opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of community programs and program fund-raisers are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

James Dylhouse, CPA

July 10, 2018

THE JUNIOR LEAGUE OF ATLANTA, INC.

Statements of Financial Position

May 31, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,720,199	1,816,543
Investments (note 3)	3,936,257	3,723,667
Accounts receivable	9,172	13,176
Prepaid expenses	18,367	22,852
Inventory	-	19,462
Building and equipment, net (note 2)	<u>62,804</u>	<u>58,415</u>
 Total assets	 \$ <u>5,746,799</u>	 <u>5,654,115</u>
 <u>Liabilities and Net Assets</u>		
Liabilities - accounts payable and accrued liabilities	\$ <u>104,542</u>	<u>64,766</u>
Net assets:		
Unrestricted:		
Designated funds (note 5)	5,555,920	5,471,353
Undesignated	<u>58,837</u>	<u>90,496</u>
Total unrestricted	5,614,757	5,561,849
Temporarily restricted (note 5)	-	-
Permanently restricted (note 5)	<u>27,500</u>	<u>27,500</u>
Total net assets	5,642,257	5,589,349
Commitments (note 6)	<u> </u>	<u> </u>
 Total liabilities and net assets	 \$ <u>5,746,799</u>	 <u>5,654,115</u>

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF ATLANTA, INC.

Statement of Activities

Year ended May 31, 2018
(with comparative totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2018 total</u>	<u>2017 total</u>
Revenues, gains, and other support:					
Membership and other:					
Membership dues and fees, net of AJLI national dues of \$122,857 for 2018 and \$122,857 in 2017	\$ 406,983	-	-	406,983	451,888
Interest and dividends	103,685	756	-	104,441	110,366
Unrealized/realized gains (losses) on investments	313,580	-	-	313,580	412,496
Contributions	271,338	-	-	271,338	318,871
Other	57,067	-	-	57,067	41,969
Total membership and other	<u>1,152,653</u>	<u>756</u>	<u>-</u>	<u>1,153,409</u>	<u>1,335,590</u>
Fund-raisers:					
Cookbooks	18,407	-	-	18,407	13,591
Less cost of sales	<u>(10,829)</u>	<u>-</u>	<u>-</u>	<u>(10,829)</u>	<u>(5,527)</u>
Total Cookbooks	<u>7,578</u>	<u>-</u>	<u>-</u>	<u>7,578</u>	<u>8,064</u>
Nearly New Shop revenue	-	-	-	-	395,152
Less cost of sales	<u>(5,037)</u>	<u>-</u>	<u>-</u>	<u>(5,037)</u>	<u>(687,052)</u>
Total Nearly New Shop, net	<u>(5,037)</u>	<u>-</u>	<u>-</u>	<u>(5,037)</u>	<u>(291,900)</u>
Tour of Kitchens revenue	196,149	-	-	196,149	341,227
Less cost of sales	<u>(108,667)</u>	<u>-</u>	<u>-</u>	<u>(108,667)</u>	<u>(202,651)</u>
Total Tour of Kitchens, net	<u>87,482</u>	<u>-</u>	<u>-</u>	<u>87,482</u>	<u>138,576</u>
Shamrock'n Roll Road Race	111,827	-	-	111,827	100,913
Less cost of sales	<u>(68,433)</u>	<u>-</u>	<u>-</u>	<u>(68,433)</u>	<u>(58,871)</u>
Total Shamrock'n Roll Road Race, net	<u>43,394</u>	<u>-</u>	<u>-</u>	<u>43,394</u>	<u>42,042</u>
Centennial	-	-	-	-	309,145
Less cost of sales/expenses	<u>175</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>(686,569)</u>
Total Centennial, net	<u>175</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>(377,424)</u>
Total fund-raisers, net	<u>133,592</u>	<u>-</u>	<u>-</u>	<u>133,592</u>	<u>(480,642)</u>
Net assets released from restrictions	<u>756</u>	<u>(756)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,287,001</u>	<u>-</u>	<u>-</u>	<u>1,287,001</u>	<u>854,948</u>

(Continued)

THE JUNIOR LEAGUE OF ATLANTA, INC.

Statement of Activities

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2018 total</u>	<u>2017 total</u>
Expenses:					
Program services:					
Community programs	\$ 193,733	-	-	193,733	170,200
Research, training and education	787,435	-	-	787,435	721,726
Supporting services	<u>252,925</u>	<u>-</u>	<u>-</u>	<u>252,925</u>	<u>256,387</u>
Total expenses	<u>1,234,093</u>	<u>-</u>	<u>-</u>	<u>1,234,093</u>	<u>1,148,313</u>
Change in net assets	52,908	-	-	52,908	(293,365)
Net assets at beginning of year	<u>5,561,849</u>	<u>-</u>	<u>27,500</u>	<u>5,589,349</u>	<u>5,882,714</u>
Net assets at end of year	\$ <u>5,614,757</u>	<u>-</u>	<u>27,500</u>	<u>5,642,257</u>	<u>5,589,349</u>

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF ATLANTA, INC.

Statement of Functional Expenses

Year ended May 31, 2018

	Community Programs	Personnel Costs	Occupancy	Supplies	Meetings & Conferences	Postage & Printing	Other	Depreciation	Total
Program Services									
Headquarters	\$ -	205,641	32,692	13,050	10,387	574	51,807	7,832	321,983
Board of Directors	29,087	-	250	16,457	50,985	1,662	27,698	-	126,139
Advocacy & Initiatives Council	2,950	-	-	850	4,592	190	648	-	9,230
Community Council	161,596	-	-	2,787	2,338	105	30	-	166,856
Development Council	-	-	-	3,868	549	700	5,045	-	10,162
Internal Operations	100	-	-	9,831	6,602	3,526	12,510	-	32,569
Marketing & Communications Council	-	-	-	6,511	6,203	103,267	43,859	-	159,840
Membership Council	-	-	-	2,085	29,180	1,387	-	-	32,652
Sustainer Council	-	-	-	2,088	10,823	2,922	-	-	15,833
Training Council	-	-	-	9,410	91,746	2,048	2,700	-	105,904
Total - Program Services	<u>193,733</u>	<u>205,641</u>	<u>32,942</u>	<u>66,937</u>	<u>213,405</u>	<u>116,381</u>	<u>144,297</u>	<u>7,832</u>	<u>981,168</u>
Supporting Services									
Management and General	-	68,020	22,521	8,990	7,155	395	35,690	5,395	148,166
Fund Raising	-	42,710	17,436	6,960	5,539	306	27,631	4,177	104,759
Total - Supporting Services	<u>-</u>	<u>110,730</u>	<u>39,957</u>	<u>15,950</u>	<u>12,694</u>	<u>701</u>	<u>63,321</u>	<u>9,572</u>	<u>252,925</u>
Total	<u>\$ 193,733</u>	<u>316,371</u>	<u>72,899</u>	<u>82,887</u>	<u>226,099</u>	<u>117,082</u>	<u>207,618</u>	<u>17,404</u>	<u>1,234,093</u>

See accompanying notes to financial statements

THE JUNIOR LEAGUE OF ATLANTA, INC.

Statements of Cash Flows

Years ended May 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 52,908	(293,365)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,404	36,485
Net unrealized/realized (gains) losses on investments	(315,291)	(412,496)
Loss on disposal of equipment	1,280	88,676
Decrease (increase) in accounts receivable	4,004	(8,507)
Decrease in prepaid expenses	4,485	59,726
Decrease in inventory	19,462	190,661
Increase in accounts payable	39,776	12,479
Net cash (used in) operating activities	<u>(175,972)</u>	<u>(326,341)</u>
Cash flows from investing activities:		
Purchase of investments	(443,469)	(667,372)
Proceeds from sale of investments	546,170	2,149,454
Purchase of equipment	(23,073)	(565)
Net cash provided by investing activities	<u>79,628</u>	<u>1,481,517</u>
Net (decrease) increase in cash and cash equivalents	(96,344)	1,155,176
Cash and cash equivalents at beginning of year	<u>1,816,543</u>	<u>661,367</u>
Cash and cash equivalents at end of year	\$ <u>1,720,199</u>	<u>1,816,543</u>

See accompanying notes to financial statements.

THE JUNIOR LEAGUE OF ATLANTA, INC.

Notes to Financial Statements

May 31, 2018 and 2017

(1) Summary of Significant Accounting Policies

(a) Organization

The Junior League of Atlanta, Inc. (the "League") is an organization of women committed to promoting voluntarism and improving the community through effective action and leadership of trained volunteers.

(b) Accrual Basis

The financial statements of the League have been prepared on the accrual basis of accounting.

(c) Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the League and changes therein are classified as unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

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

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the League.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of short term, interest bearing, highly liquid investments with original maturities of three months or less.

(e) JLA Sustainer Fund (Quasi-Endowment)

The JLA Sustainer (quasi-endowment) fund was set up by the Board of Directors of The Junior League of Atlanta, Inc. on March 10, 1982 upon the conditions that the Trustees have discretion over the investing, reinvesting, and distribution of any income or corpus in the JLA Sustainer (quasi-endowment) fund. The fund became a separate legal entity, a Georgia charitable trust, as of April 24, 1992. Prior to that date, the fund did not exist as a separate legal entity, but was a component fund of the League.

(Continued)

THE JUNIOR LEAGUE OF ATLANTA, INC.

Notes to Financial Statements

(f) Investments

Investments include common stocks, bonds, carried at fair value. Investments traded on national securities exchanges are valued at their closing market prices as of the end of the fiscal year. Interest income derived from investments is recognized in the period earned.

(g) Land, Building, and Equipment

Land, building, and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation expense is recorded on the straight-line method over the estimated useful lives of the assets (ten to thirty years for building improvements, three to ten years for office furniture and equipment). Amortization expense is recorded on the straight-line method over the shorter of useful life or lease term for leasehold improvements.

(h) Revenues

Membership dues and fees, which are nonrefundable, are recorded as revenue in the year assessed.

The Nearly New Shop discontinued operations in April 2017.

(i) Inventory

For the year ended May 31, 2017, inventory represents unsold cookbooks, 100th Anniversary commemorative products, and stationery which are stated at the lower of cost or net realizable value. Sales of these items were discontinued as of May 31, 2018 and the remaining inventory was written off.

(j) Tax Status

The League is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (the "IRC"), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the League are tax deductible to donors under Section 170 of the IRC. The League is not classified as a private foundation.

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THE JUNIOR LEAGUE OF ATLANTA, INC.

Notes to Financial Statements

(k) Comparative Data

The statement of activities includes 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended May 31, 2017 from which the summarized information was derived.

(l) Use of Estimates

Management of the League has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

(2) Building and Equipment

Building and equipment at May 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Office furniture and equipment	\$ 285,792	264,844
Leasehold improvements	<u>858,232</u>	<u>860,865</u>
	1,144,024	1,125,709
Less accumulated depreciation and amortization	<u>1,081,220</u>	<u>1,067,294</u>
	\$ <u>62,804</u>	<u>58,415</u>

The accompanying financial statements do not reflect the land and building used as headquarters by the League. These facilities were conditionally contributed to the League subject to the grantor specifically reserving the option to repurchase the site at the depreciated value of League improvements at the date of transfer, if for any reason the property ceases to be used for the purpose of League headquarters.

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THE JUNIOR LEAGUE OF ATLANTA, INC.

Notes to Financial Statements

(3) Investments

Investments consist of the following at May 31, 2018 and 2017:

	<u>Fair Value</u>	
	<u>2018</u>	<u>2017</u>
Cash for investment – money market funds	\$ 135,226	154,507
Mutual funds – taxable fixed income	945,929	950,306
Mutual funds – high yield– fixed income	108,213	130,968
Equities – U.S. large cap	1,307,715	1,216,067
Equities – mutual funds - U. S. mid cap	336,990	283,910
Equities – I shares - U. S. small cap	191,071	146,248
Equities - mutual funds -International	456,278	423,217
Equities - REITs	57,363	49,446
Equities – mutual funds - large cap	44,797	52,622
Equities – mutual funds – emerging markets	163,137	142,059
Community Foundation – unitized pool	189,538	174,317
	<u>\$ 3,936,257</u>	<u>3,723,667</u>

(4) Fair Value Measurements

The League follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. Under ASC 820, fair value is 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, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other significant observable inputs not quoted on active markets, but corroborated by market data.
- Level 3: Significant unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

THE JUNIOR LEAGUE OF ATLANTA, INC.

Notes to Financial Statements

The following table summarized the League's financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of May 31, 2018 and 2017:

As of May 31, 2018:	Total	Level 1	Level 2	Level 3
Publically traded securities	\$ 3,746,719	3,746,719	-	-
The Community Foundation Unitized Pool	<u>189,538</u>	<u>-</u>	<u>-</u>	<u>189,538</u>
Total	\$ <u>3,936,257</u>	<u>3,746,719</u>	<u>-</u>	<u>189,538</u>
As of May 31, 2017:				
Publically traded securities	\$ 3,549,350	3,549,350	-	-
The Community Foundation Unitized Pool	<u>174,317</u>	<u>-</u>	<u>-</u>	<u>174,317</u>
Total	\$ <u>3,723,667</u>	<u>3,549,350</u>	<u>-</u>	<u>174,317</u>

During 2018 and 2017, the fair value of investments classified as Level 3 in the fair value hierarchy changed as follows:

	<u>2018</u> Community Fdn. Unitized Pool
Balance at June 1, 2017	\$ 174,317
Unrealized appreciation	17,965
Net transfers out	-
Grants paid	(1,000)
Management fees	<u>(1,744)</u>
Balance at May 31, 2018	\$ <u>189,538</u>

THE JUNIOR LEAGUE OF ATLANTA, INC.

Notes to Financial Statements

	<u>2017</u> Community Fdn. Unitized Pool
Balance at June 1, 2016	\$ 154,315
Unrealized appreciation/(loss)	21,620
Net transfers	-
Grants paid	-
Management fees	<u>(1,618)</u>
Balance at May 31, 2017	\$ <u>174,317</u>

(5) Net Assets

Unrestricted net assets consist of the following balances at May 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Board-designated:		
Planned maintenance	\$ 265,756	284,874
Earned income for '19-20 budget	1,417,887	1,325,675
Operating funds for next year's expense	1,145,298	1,086,783
Program reserves	-	164,000
Centennial fund	-	2,732
CFGAs Centennial fund	975,172	956,445
CFGAs donor advised fund	112,431	102,849
CFGAs empowerment fund	77,107	71,468
JLA sustainer (quasi-endowment) fund (note 1)	1,576,470	1,427,387
Non-cash assets	<u>(14,201)</u>	<u>49,140</u>
Total board-designated	5,555,920	5,471,353
Undesignated	<u>58,837</u>	<u>90,496</u>
Total unrestricted	\$ <u>5,614,757</u>	<u>5,561,849</u>

Temporarily restricted net assets are investment earnings from the permanently restricted fund restricted for major building maintenance and repairs.

Permanently restricted net assets consist of endowment funds restricted for major building maintenance and repairs.

THE JUNIOR LEAGUE OF ATLANTA, INC.

Notes to Financial Statements

(6) Employee Benefit Plan

The League offers eligible full-time employees the option of investing in a tax-deferred IRA. After one year of service, the League contributes a match up to 3% of an employee's pay. Expenditures for employer contributions were \$6,722 and 7,850 for the years ended May 31, 2018, and 2017, respectively.

(7) Subsequent Events

Subsequent events have been evaluated through July 10, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

THE JUNIOR LEAGUE OF ATLANTA, INC.

Schedule of Community Programs

Year ended May 31, 2018

Aqaoe Community Center	\$	5,000
American Red Cross		3,030
Atlanta Ballet		350
Atlanta Botanical Gardens		1,625
Atlanta Childrens Shelter		2,732
Atlanta Community Food Bank		7,650
Atlanta Mission		3,971
Angleique Niare Empowerment Award		500
Atlanta Regional Commission		1,720
Atlanta Speech School		3,580
Atlanta Wildlife Federation		1,500
CASA		2,500
Center for Puppetry Arts		3,850
Center for Visually Impaired		353
Chastain Horse Park, Ltd.		10,000
Community Board		1,551
Community Sampler		2,929
Emergency Funds		409
Estrellitas		4,359
Everybody Wins! Atlanta		4,800
Ferst		796
FOCUS		593
GA Pre-K Week		10,000
GARRS		2,000
Girl Scouts of Greater Atlanta		2,425
Girls on the Run		2,300
Grady Health Foundation		5,400
GWPI		2,400
Homemade by JLA		2,368
Insight		550
JLA Serves		1,549
Journey to Literacy		8,908
Junior League of Georgia		250
Kate's Club		8,000
Kids in the Kitchen		454
Literacy Action		5,500
Meals on Wheels		3,200
Open Hand Project		20,000
Our House		1,890
Partnership Against Domestic Violence		1,058
Rainbows		3,000
Ronald McDonald House - Egleston		9,633
Ronald McDonald House - Peachtree		1,153
Ronald McDonald House - Scottish Rite		8,899
South Fulton		64
United Way		2,250
Visiting Nurse Health Systems		16,000
Voices for Georgia's Children		300
Wellspring Living		2,195
YWCA		2,000
Zoo Atlanta		6,189
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	\$	<u>193,733</u>

See accompanying independent auditor's report.

THE JUNIOR LEAGUE OF ATLANTA, INC.

Schedule of Program Fund-Raisers

Year ended May 31, 2018

	Cookbooks	Nearly New Shop	Tour of Kitchens	Shamrock'n Roll Road Race	Centennial	total
Revenues:						
Event fees, sales, other Contributions	\$ 18,407	-	126,891	52,375	-	197,673
In-kind contributions	-	-	41,320	28,647	-	69,967
Gross revenue	18,407	-	196,149	30,805	-	58,743
				111,827	-	326,383
Expenses:						
Cost of sales, printing, and production	9,429	-	-	11,815	-	21,244
Other expenses	1,040	-	108,667	56,170	(175)	165,702
Rent and common area maintenance	360	4,976	-	448	-	5,784
Discontinued operations	-	61	-	-	-	61
Total expenses	10,829	5,037	108,667	68,433	(175)	192,791
Excess of gross revenue over expenses	\$ 7,578	(5,037)	87,482	43,394	175	133,592

(1)

(1) - The Nearly New Shop discontinued operations in April 2017.

See accompanying independent auditor's report.