



# The Junior League of San Antonio, Inc.

Financial Statements  
Years Ended May 31, 2017 and 2016

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**The Junior League of San Antonio, Inc.**

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Financial Statements  
Years Ended May 31, 2017 and 2016

# The Junior League of San Antonio, Inc.

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Tel: 210-342-8000  
Fax: 210-342-0866  
www.bdo.com

9901 IH-10, Suite 500  
San Antonio, TX 78230

## Independent Auditor's Report

To the Board of Directors  
The Junior League of San Antonio, Inc.  
San Antonio, Texas

We have audited the accompanying financial statements of The Junior League of San Antonio, Inc., which comprise the statements of financial position as of May 31, 2017 and 2016, the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Junior League of San Antonio, Inc. as of May 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

August 22, 2017

## Financial Statements

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# The Junior League of San Antonio, Inc.

## Statements of Financial Position

<i>May 31,</i>	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 144,530	\$ 225,810
Accounts receivable	9,146	332
Investments	565,122	527,247
Prepaid expenses	2,290	13,958
Deposits and other	7,340	1,410
Property and equipment, net	39,328	1,245,458
Assets held for sale	1,160,113	-
<b>Total Assets</b>	<b>\$ 1,927,869</b>	<b>\$ 2,014,215</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable & accrued expenses	\$ 18,951	\$ 14,409
Deferred revenue:		
Membership dues/fees	165,192	176,694
Other	12,123	29,897
Note payable	389,305	405,124
<b>Total Liabilities</b>	<b>585,571</b>	<b>626,124</b>
<b>Net Assets</b>		
Unrestricted	1,316,496	1,359,895
Temporarily restricted	25,802	28,196
<b>Total Net Assets</b>	<b>1,342,298</b>	<b>1,388,091</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,927,869</b>	<b>\$ 2,014,215</b>

*The accompanying notes are an integral part of these financial statements.*

# The Junior League of San Antonio, Inc.

## Statement of Activities

<i>Year ended May 31, 2017</i>	Unrestricted	Temporarily Restricted	Total
<b>Changes in Net Assets</b>			
<b>Revenue and Support</b>			
Membership dues and fees	\$ 141,881	\$ -	\$ 141,881
Community support	104,240	-	104,240
<b>Total Dues and Support</b>	<b>246,121</b>	<b>-</b>	<b>246,121</b>
Fundraising events:			
Gross revenue	385,128	-	385,128
Direct cost of benefits	(207,626)	-	(207,626)
<b>Net Fundraising Events</b>	<b>177,502</b>	<b>-</b>	<b>177,502</b>
<b>Other Revenue</b>			
Rental income	70,512	-	70,512
Interest and dividends income, net	4,994	-	4,994
Realized investment gain	18,426	-	18,426
Unrealized investment gain	14,674	-	14,674
Miscellaneous income	706	-	706
Net assets released from Restriction	2,394	(2,394)	-
<b>Total Other Revenue</b>	<b>111,706</b>	<b>(2,394)</b>	<b>109,312</b>
<b>Total Revenue and Support</b>	<b>535,329</b>	<b>(2,394)</b>	<b>532,935</b>
<b>Expenses</b>			
Program services	389,532	-	389,532
Management and general	127,981	-	127,981
Fundraising	61,215	-	61,215
<b>Total Expenses</b>	<b>578,728</b>	<b>-</b>	<b>578,728</b>
<b>Change in Net Assets</b>	<b>(43,399)</b>	<b>(2,394)</b>	<b>(45,793)</b>
<b>Net Assets, beginning of year</b>	<b>1,359,895</b>	<b>28,196</b>	<b>1,388,091</b>
<b>Net Assets, end of year</b>	<b>\$ 1,316,496</b>	<b>\$ 25,802</b>	<b>\$ 1,342,298</b>

*The accompanying notes are an integral part of these financial statements.*



# The Junior League of San Antonio, Inc.

## Statement of Activities

<i>Year ended May 31, 2016</i>	Unrestricted	Temporarily Restricted	Total
<b>Changes in Net Assets</b>			
<b>Revenue and Support</b>			
Membership dues and fees	\$ 139,840	\$ -	\$ 139,840
Community support	95,990	-	95,990
<b>Total Dues and Support</b>	<b>235,830</b>	<b>-</b>	<b>235,830</b>
Fundraising events:			
Gross revenue	428,695	-	428,695
Direct cost of benefits	(160,762)	-	(160,762)
<b>Net Fundraising Events</b>	<b>267,933</b>	<b>-</b>	<b>267,933</b>
<b>Other Revenue (Expense)</b>			
Rental Income	82,625	-	82,625
Interest and dividends income, net	6,176	-	6,176
Realized investment loss	(31)	-	(31)
Unrealized investment loss	(16,104)	-	(16,104)
Miscellaneous income	3,154	-	3,154
Net assets release from restriction	3,247	(3,247)	-
<b>Total Other Revenue (Expense)</b>	<b>79,067</b>	<b>(3,247)</b>	<b>75,820</b>
<b>Total Revenue and Support</b>	<b>582,830</b>	<b>(3,247)</b>	<b>579,583</b>
<b>Expenses</b>			
Program services	538,764	-	538,764
Management and general	143,286	-	143,286
Fundraising	67,346	-	67,346
<b>Total Expenses</b>	<b>749,396</b>	<b>-</b>	<b>749,396</b>
<b>Change in Net Assets</b>	<b>(166,566)</b>	<b>(3,247)</b>	<b>(169,813)</b>
<b>Net Assets, beginning of year</b>	<b>1,526,461</b>	<b>31,443</b>	<b>1,557,904</b>
<b>Net Assets, end of year</b>	<b>\$ 1,359,895</b>	<b>\$ 28,196</b>	<b>\$ 1,388,091</b>

*The accompanying notes are an integral part of these financial statements.*

# The Junior League of San Antonio, Inc.

## Statement of Functional Expenses

<i>Year ended May 31, 2017</i>	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Awards and grants	\$ 53,372	\$ -	\$ -	\$ 53,372
Salaries, wages, and related expenses	122,691	65,436	16,359	204,486
Professional fees	-	46,492	-	46,492
Advertising and promotion	-	1,336	38,044	39,380
Office expenses	22,289	6,054	3,924	32,267
Information technology	9,454	617	206	10,277
Occupancy	69,666	4,543	1,514	75,723
Travel	14,446	-	-	14,446
Meetings, conferences, and conventions	32,210	-	-	32,210
Program materials and supplies	7,654	-	-	7,654
Other	4,037	-	-	4,037
<b>Total expenses before depreciation</b>	<b>335,819</b>	<b>124,478</b>	<b>60,047</b>	<b>520,344</b>
<b>Depreciation expense</b>	<b>53,713</b>	<b>3,503</b>	<b>1,168</b>	<b>58,384</b>
<b>Total Expenses</b>	<b>\$ 389,532</b>	<b>\$ 127,981</b>	<b>\$ 61,215</b>	<b>\$ 578,728</b>

*The accompanying notes are an integral part of these financial statements.*

# The Junior League of San Antonio, Inc.

## Statement of Functional Expenses

<i>Year ended May 31, 2016</i>	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Awards and grants	\$ 71,812	\$ -	\$ -	\$ 71,812
Salaries, wages, and related expenses	118,893	63,409	15,852	198,154
Professional fees	-	50,679	-	50,679
Advertising and promotion	2,730	2,477	32,172	37,379
Office expenses	22,670	10,929	14,057	47,656
Information technology	11,985	782	261	13,028
Occupancy	135,095	8,810	2,937	146,842
Travel	15,227	-	-	15,227
Meetings, conferences, and conventions	54,021	-	-	54,021
Program materials and supplies	9,336	-	-	9,336
Other	1,927	-	-	1,927
<hr/>				
Total expenses before depreciation	443,696	137,086	65,279	646,061
Depreciation expense	95,068	6,200	2,067	103,335
<hr/>				
<b>Total Expenses</b>	<b>\$ 538,764</b>	<b>\$ 143,286</b>	<b>\$ 67,346</b>	<b>\$ 749,396</b>

*The accompanying notes are an integral part of these financial statements.*

# The Junior League of San Antonio, Inc.

## Statements of Cash Flows

<i>Years ended May 31,</i>	2017	2016
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (45,793)	\$ (169,813)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation and amortization	58,384	103,335
Realized investment (gains) loss	(18,426)	31
Unrealized investment (gains) loss	(14,674)	16,104
Change in operating assets and liabilities		
Accounts receivable	(8,814)	6,174
Prepaid expenses	11,668	(12,883)
Deposits and other	(5,930)	1,755
Accounts payable & accrued expenses	4,542	(6,906)
Deferred revenue	(29,276)	(4,787)
<b>Net cash (used in) operating activities</b>	<b>(48,319)</b>	<b>(66,990)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(12,367)	(27,086)
Proceeds from sale of investments	120,710	116,951
Purchase of investments	(125,485)	(122,929)
<b>Net cash (used in) investing activities</b>	<b>(17,142)</b>	<b>(33,064)</b>
<b>Cash Flows from Financing Activities</b>		
Payments on note payable	(15,819)	(15,507)
<b>Net cash (used in) financing activities</b>	<b>(15,819)</b>	<b>(15,507)</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(81,280)</b>	<b>(115,561)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>225,810</b>	<b>341,371</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 144,530</b>	<b>\$ 225,810</b>
<b>Cash Paid During the Year for Interest</b>	<b>\$ 14,925</b>	<b>\$ 15,508</b>
<b>Non-cash activities:</b>		
Reclassification to assets held for sale	\$ 1,160,113	

*The accompanying notes are an integral part of these financial statements.*

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 1. Organization and Significant Accounting Policies

The Junior League of San Antonio, Inc. (the League) operates as a not-for-profit organization of women committed to promoting volunteerism, developing the potential of women, and improving the community through the effective action of trained volunteers. Its purpose is exclusively educational and charitable. Support for the League is generated from membership dues, Olé Marketplace (Olé), Casino for a Cause, facility rental, and individual and corporate contributions.

The focus of the League is twofold: to engage in community projects and promote women's leadership. Through more than 20 community projects, the League addresses a broad spectrum of needs in San Antonio. Many of these projects are initiated by the League and are fully supported through League volunteers and fundraising.

In addition to community volunteer placements, the League provides its members with in-league workshops, community awareness meetings, and general membership meetings. League members also produce a newsletter and maintain a comprehensive website. The goal of the meetings and publications includes furthering the mission of the League in training and educating women, and engaging membership in civic service and involvement.

Since 1924, the League has provided significant value to build a better community. Past and present projects include:

Creation of the Non-Profit Resource Center, the Cerebral Palsy Treatment Center, the Auxiliary for Santa Rosa Children's Hospital, Walking for Women's Health Awareness Campaign and Walking Program, and the Brackenridge Park Walking Path.

Volunteer support and partnership with the Metropolitan Regional Opera auditions; and.

The docent programs for the San Antonio Zoo and McNay Art Museum; seed money and volunteer resources for the Sunshine Cottage School for Deaf Children; Fit Kids program; and many more.

The League periodically adopts a signature project meant to increase community impact and enhance member training and experience. In 2011, "Let's Go San Antonio" was adopted to address the issue of childhood obesity prevention.

The League members plan and operate an annual fundraising events known as Holiday Olé Marketplace (Olé), Casino for a Cause, Viva SA Race, and the recipe box as another way to further its mission. Olé features boutique shopping for clothes, jewelry, housewares, gifts, food, and other specialty items. Casino for a Cause is a Casino night featuring live music and games along with a raffle and silent auction. Viva SA Race is a family-friendly 5k/10k. The recipe box replaced the cookbook and is a box with the League's logo and multiple recipes. Proceeds from these fundraisers help support the League's programs and projects.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 1. Organization and Significant Accounting Policies (Continued)

The Bright Shawl opened its doors in October 1925, and served as the first fundraising project for the League. Today, in a location acquired in the 1930's, the Bright Shawl contains office, dining and meeting room facilities. The dining and meeting room facilities are frequently used by the League for various meetings. The Bright Shawl was operated by a third party and the League receives monthly lease payments. Effective December 31, 2015, the League agreed to terminate the operations agreement and entered into a termination agreement for the lease buyout (See Note 4). During the fiscal year ended May 31, 2017, the League voted to discontinue use of the Bright Shawl property and list it for sale. These assets have been moved to assets held for sale as they are no longer used in the League's operations. See note 6.

#### *Basis of Presentation*

The financial statements of the League have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit organizations. The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Resources are required to be reported in separate categories of net assets based on the existence or absence of donor-imposed restrictions. In accordance with GAAP, net assets are to be grouped into the following three categories:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations and may be designated for specific purposes by the board.

Temporarily Restricted Net Assets - Net assets whose use by the League is subject to donor-imposed stipulations that can be fulfilled by actions of the League pursuant to those stipulations, or that expire by the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the League. The League has no permanently restricted net assets.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 1. Organization and Significant Accounting Policies (Continued)

#### *Fair Value of Financial Instruments*

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the League has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

#### *Cash Equivalents*

For financial statement purposes, the League considers all highly liquid investments and certificates of deposit with original maturities of three months or less to be cash equivalents.

#### *Accounts Receivable and Allowance for Doubtful Accounts*

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's experience and evaluation. It is the League's policy to charge off uncollectible accounts receivable when management determines that the receivable will not be collected. Management has determined that this method is not materially different than the allowance method required by GAAP. The League recorded no bad debt expenses as of May 31, 2017 and 2016.

#### *Investments*

Investments in equity securities with readily determinable fair values are recorded at fair value as determined by quoted market prices.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 1. Organization and Significant Accounting Policies (Continued)

#### *Property and Equipment*

Property and equipment are stated at cost if purchased, or at fair value on the date of donation if donated. Depreciation is calculated on the straight-line method over the following estimated useful lives: buildings - 30 years; building improvements - 5 to 20 years; furniture, fixtures, and equipment - 5 to 10 years; and intangibles - 3 years. The League follows the practice of capitalizing all expenditures for long-lived fixed assets in excess of \$1,000. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to result from its use and eventual disposition. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying value of the asset exceeds its fair value. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the asset. Management has reviewed and determined no assets have been impaired.

#### *Assets Held for Sale*

Assets held for sale are recorded at their carrying amount which is lower than fair value. Assets held for sale represents assets removed from service and listed for sale after ceasing the Bright Shawl Operation in November 2016 (see note 6).

#### *Revenue Recognition*

Contributions are recognized as revenue when they are received or unconditionally pledged.

The League reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. However, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the League reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.



# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 1. Organization and Significant Accounting Policies (Continued)

#### *Revenue Recognition (Continued)*

Rental income is recognized in the month earned in accordance with the termination agreement.

Special events revenue is recorded at the time of the event net of direct cost of benefits to attendees.

Membership dues are recognized as revenue in the respective membership period.

#### *Deferred Revenue*

Deferred revenue consists primarily of amounts received from membership dues and other fees collected in connection with the League's fundraising activities that apply to future periods.

At years ended May 31, 2017 and 2016, the League received \$141,881 and \$139,840 of membership dues that related to 2017 and 2016 membership dues, respectively. These amounts are included in deferred revenue.

#### *Donated Services*

No amounts have been reflected in the financial statements for donated services. The league generally pays for services requiring specific expertise; however, many individuals volunteer their time and perform a variety of tasks that assist the League with specific programs, campaign solicitations and committee assignments. For 2017 and 2016 League members donated approximately 7,700 and 10,200 volunteer hours respectively.

#### *Federal Income Taxes*

The League is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and is therefore exempt from federal income tax on related income pursuant to Section 501(a) of the Code, rents collected from operations of the Bright Shawl's. The League follows the provisions of ASC 740-10 on *Accounting for Uncertainty in Income Taxes*, which requires recognition and disclosure of uncertain tax positions in the financial statements. Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The League's management believes that it has appropriate support for any tax positions taken and that it has no material uncertain tax positions. Accordingly, it will not recognize any related liability. For the years ended May 31, 2017 and 2016 the League did not recognize any interest or penalties.

Tax years ending 2014-2016 remain open to examination by the taxing jurisdictions to which the League is subject, and these periods have not been extended beyond the applicable statute of limitations.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 1. Organization and Significant Accounting Policies (Continued)

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and support services benefited.

#### *Accounting Pronouncements Issued but Not Yet Adopted or Currently in Effect*

##### *Revenue from Contracts with Customers (Topic 606)*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the League until fiscal periods beginning after December 15, 2018 which is the year ended May 31, 2020. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on their financial statements.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 1. Organization and Significant Accounting Policies (Continued)

#### *Accounting Pronouncements Issued but Not Yet Adopted or Currently in Effect (Continued)*

##### *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include; (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the League's financial statements for fiscal years beginning after December 15, 2017 which would be the year ended May 31, 2019. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their financial statements.

##### *Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Leagues fiscal years beginning after December 15, 2019 which would be the year ended May 31, 2021, with early adoption permitted. Management is currently evaluating the impact of this ASU on their financial statements.

##### *Reclassifications*

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 2. Cash Credit Risk

The League maintains cash balances at financial institutions in San Antonio, Texas. All of a depositor's accounts at an insured depository institution, including all non-interest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category. At various times throughout the year, certain cash balances at the financial institutions exceeded these limits.

### 3. Investments

The League has a professionally managed brokerage account to hold operating reserve funds. At May 31 the fair value of the Leagues investments were:

	2017 Fair Value	2016 Fair Value
Equities	\$ 260,484	\$ 231,134
Mutual Funds:		
Real Estate Investment Trust Funds	6,870	10,555
Small blend	28,972	32,063
Utilities	25,305	23,101
Commodities	5,066	-
Municipal Bond Funds	102,402	154,700
Money Funds	136,023	75,694
	<b>\$ 565,122</b>	<b>\$ 527,247</b>

All investments are considered Level 1, as equities, equity funds, municipal bonds, intermediate bond funds, and money funds are valued at quoted prices in active markets.

The following schedule details the net interest and dividend income for the years ended May 31:

	2017	2016
Interest and Dividends	\$ 10,245	\$ 11,224
Investment Fees	(5,251)	(5,048)
Net investment income	<b>\$ 4,994</b>	<b>\$ 6,176</b>

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 4. Lease Termination Agreement

During the year ended May 31, 2016, The League negotiated an agreement with True Flavors, Inc. for the termination of their operations contract in the amount of \$124,745. The agreement effectively terminated the operations contract as of December 1, 2015. The termination agreement calls for monthly payments until January 2018 of \$5,200.

The following is a summary of future lease payments as of May 31:

Year Ending May 31,

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2018	\$	36,400
	\$	36,400

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### 5. Property and Equipment

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

	2017	2016
Building and improvements	\$ 138,969	\$ 1,307,019
Land	-	522,063
Furniture, fixtures, and equipment	85,689	326,727
Intangibles	52,356	52,356
Total Property and Equipment	277,014	2,208,165
Less: Accumulated depreciation and amortization	(237,686)	(962,707)
Property and Equipment - Net	\$ 39,328	\$ 1,245,458

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Depreciation and amortization expense for the years ended May 31, 2017 and 2016, totaled \$58,384 and \$103,335, respectively.

There were no disposals of property and equipment in 2017.

### 6. Assets Held for Sale

Assets held for sale at May 31, 2017 consists of the building and land surrounding the Bright Shawl with a net book value of \$1,160,113. These assets were removed from service as of November 2016 when the League listed the Bright Shawl for sale.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 7. Note Payable

The League executed a note payable to a bank in the amount of \$423,311 with an interest rate of 3.75%. Payments of principal and interest are due in monthly installments of \$2,562 until maturity in March 2035. The loan is collateralized by real property. The balance of the note payable was \$389,305 at May 31, 2017 and \$405,124 at May 31, 2016.

The following is a summary of principal maturities of the note payable:

Year Ending May 31,		
2018	\$	16,407
2019		17,033
2020		17,683
2021		18,357
Thereafter		319,825
	\$	389,305

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### 8. Restrictions of Net Assets

Temporarily restricted net assets, restricted by the donor for purpose or by time as of May 31, are available for the following purposes:

	2017	2016
Junior League Signature Projects	\$ 25,802	\$ 28,196

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During the years ended May 31, 2017 and 2016 the League released \$2,394 and \$3,247, respectively of restricted net assets to be used for their donor restricted purpose.

### 9. In-Kind Contributions

The League receives donations of materials for their various fundraisers and events. Donated materials consist primarily of items for the auctions, decorations, food, and giveaways for the fundraisers and events. Donated auction items are reflected in the accompanying financial statements at the value of the cash received at auction. All other donated materials are reflected in the accompanying financial statements at their fair value at the date of donation. All donation revenue for fundraisers and events are recorded as special event revenue in the accompanying statement of activities. The League recognized \$86,719 and \$106,310, in donated materials during 2017 and 2016, respectively.

The League also received an in-kind donation in the form of advertising. The donated advertising was recorded at fair value of the advertising on the date of the donation as donation revenue and advertising expense. The League did not recognize any donated advertising during 2017. The League recognized \$2,730 in donated advertising during 2016.

# The Junior League of San Antonio, Inc.

## Notes to the Financial Statements

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### 10. Leases

The League operates a postage machine under a non-cancelable operating lease that expires in June 2018. The total rent expense for the operating lease for each of the years ended May 31, 2017 and 2016, amounted to \$935.

### 11. Subsequent Events

Management has evaluated events subsequent to May 31, 2017 and through August 22, 2017, which is the date the financial statements were available to be issued.