

Junior League of Salt Lake City, Inc.

Audited Financial Statements

May 31, 2016

Junior League of Salt Lake City, Inc.

Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2-3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Junior League of Salt Lake City, Inc.
Salt Lake City, UT

Report on the Financial Statements

We have audited the accompanying financial statements of Junior League of Salt Lake City, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2016 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior League of Salt Lake City, Inc. as of May 31, 2016, 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.



FJ & Associates, PLLC
Kaysville, Utah
December 20, 2016

Junior League of Salt Lake City, Inc.
Statement of Financial Position
May 31, 2016

Assets

Current assets:

Cash and cash equivalents	\$ 339,309
Accounts and other receivables	5,840
Investments-unrestricted	488,947
Inventory	90,299
Prepaid expenses	1,654
Total current assets	<u>926,049</u>

Restricted deposits:

Cash and investments, restricted for endowment purposes	<u>402,777</u>
Total restricted deposits	<u>402,777</u>

Property and equipment:

Land	250,000
Buildings and improvements	710,953
Furniture and equipment	167,262
Total property and equipment	<u>1,128,215</u>
Less accumulated depreciation	<u>(421,851)</u>
Net property and equipment	706,364

Total assets	<u><u>\$ 2,035,190</u></u>
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See accompanying notes to financial statements

Junior League of Salt Lake City, Inc.
Statement of Financial Position (continued)
May 31, 2016

Liabilities and Net Assets (Deficit)

Current liabilities:

Accounts payable	\$ 2,135
Accrued liabilities	1,063
Deferred membership dues	25,550
Total current liabilities	<u>28,748</u>

Total liabilities 28,748

Net assets (deficit):

Unrestricted	
Board designated	298,981
Undesignated	1,322,815
Temporarily restricted	280,851
Permanently restricted	<u>103,795</u>

Total net assets 2,006,442

Total liabilities and net assets (deficit) \$ 2,035,190

See accompanying notes to financial statements

Junior League of Salt Lake City, Inc.
Statement of Activities
Year Ended May 31, 2016

Change in unrestricted net assets	
Support, revenues, gains and losses	
Contributions	\$ 32,402
In-kind donations	340,850
Membership dues	42,763
Special events	23,357
Investment return	(17,396)
Meetings, seminars, and program fees	8,409
Merchandise sales, net of cost of goods sold of \$4,300	8,063
Total support, revenues, gains and losses	<u>438,448</u>
Satisfaction of restrictions	<u>125,931</u>
Total support, revenues, gains and losses and satisfaction of restrictions	<u>564,379</u>
Expenses	
Program services	
CARE Fair	395,618
Women Helping Women and other	90,602
Supporting services	
Management and general	94,446
Fundraising	56,502
Total expenses	<u>637,168</u>
Change in unrestricted net assets	<u>(72,789)</u>
Change in temporarily restricted net assets	
Contributions	112,108
Net assets released from restrictions	(125,931)
Change in temporarily restricted net assets	<u>(13,823)</u>
Change in permanently restricted net assets	
Investment return	<u>(3,269)</u>
Change in permanently restricted net assets	<u>(3,269)</u>
Increase (decrease) in net assets	(89,881)
Net assets, beginning of year	2,112,473
Prior year audit adjustment (note 7)	(16,150)
Net assets, end of year	<u>\$ 2,006,442</u>

See accompanying notes to financial statements

Junior League of Salt Lake City, Inc.
Statement of Functional Expenses
Year Ended May 31, 2016

	C.A.R.E Fair	Women Helping Women and other	Total program services	Management and general	Fundraising	Total supporting services	Totals
Accounting	\$ 9,017	\$ 9,017	\$ 18,034	\$ 2,804	\$ -	\$ 2,804	\$ 20,838
Advertising	788	-	788	1,722	359	2,081	2,869
Bank Charges	-	-	-	5,484	-	5,484	5,484
Clothing	-	48,564	48,564	-	-	-	48,564
Cost of books sold	-	-	-	10	4,290	4,300	4,300
Day care	2,698	-	2,698	-	-	-	2,698
Depreciation	7,416	12,359	19,775	989	3,955	4,944	24,719
Dues and subscriptions	80	-	80	164	100	264	344
Education and promotion	-	74	74	2,606	-	2,606	2,680
Facility expense	12,012	-	12,012	375	2,684	3,059	15,071
Food and beverages	4,842	49	4,891	6,689	4,719	11,408	16,299
Insurance	1,946	2,595	4,541	640	1,347	1,987	6,528
Items given to clients	11,612	947	12,559	1,005	192	1,197	13,756
Medical and dental care	15,091	-	15,091	-	-	-	15,091
Miscellaneous	684	411	1,095	4,011	4,269	8,280	9,375
Payroll and benefits	3,409	3,814	7,223	35,588	5,596	41,184	48,407
Postage	950	950	1,900	393	80	473	2,373
Printing	4,280	492	4,772	1,747	236	1,983	6,755
Professional fundraising	-	-	-	-	21,683	21,683	21,683
Professional services	296,309	1,395	297,704	461	-	461	298,165
Repairs and maintenance	4,260	3,957	8,217	4,344	6,111	10,455	18,672
Seminars	-	325	325	3,195	-	3,195	3,520
Storage	1,221	-	1,221	-	1,376	1,376	2,597
Supplies	17,003	1,632	18,635	3,365	956	4,321	22,956
Telephone	817	1,654	2,471	357	740	1,097	3,568
Travel	-	-	-	17,911	325	18,236	18,236
Utilities	1,183	2,367	3,550	596	1,774	2,370	5,920
Total expenses	<u>395,618</u>	<u>90,602</u>	<u>486,220</u>	<u>94,456</u>	<u>60,792</u>	<u>155,248</u>	<u>641,468</u>
Less expenses included with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(4,290)</u>	<u>(4,300)</u>	<u>(4,300)</u>
Total expenses statement of activities	<u>\$ 395,618</u>	<u>\$ 90,602</u>	<u>\$ 486,220</u>	<u>\$ 94,446</u>	<u>\$ 56,502</u>	<u>\$ 150,948</u>	<u>\$ 637,168</u>

See accompanying notes to the financial statements

Junior League of Salt Lake City, Inc.
Statement of Cash Flows
Year Ended May 31, 2016

Cash flows from operating activities:

Increase (decrease) in net assets	\$	(89,881)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation		24,719
Realized and unrealized gains and losses on investments		(69,245)
Prior year audit adjustment		(16,150)
Decrease (increase) in:		
Accounts receivable		(2,636)
Pledges receivable		5,000
Inventory		3,798
Prepaid expenses		2,460
Increase (decrease) in:		
Accounts payable		(11,492)
Accrued liabilities		876
Membership dues		(6,619)
Net cash provided by (used in) operating activities		(159,170)

Cash flows from investing activities:

Purchase of fixed assets		(27,119)
Purchase of investments		(141,792)
Proceeds from sale of investments		52,001
Net cash provided by (used in) investing activities		(116,910)

Cash flows from financing activities:

Net cash provided by (used in) financing activities		-
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Net increase (decrease) in cash and equivalents		(276,080)
Cash and equivalents at beginning of year		615,389
Cash and equivalents at end of year	\$	339,309

Supplemental information

Cash paid for interest	\$	-
Cash paid for income taxes	\$	-

See accompanying notes to financial statements

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

1. Organization and Summary of Significant Accounting Policies

Organization

Junior League of Salt Lake City, Inc. (the Organization) is a non-profit corporation organized in the State of Utah for the purpose of promoting volunteerism, developing the potential of women, and improving communities through the effective action of leadership of trained volunteers. A significant Organization's program is the CARE Fair, an annual two day event for families needing routine medical services and community assistance information. Another significant Organization program is Women Helping Women, a project which Organization volunteers collect, prepare, and distribute donated professional women's clothing to women entering the workforce who are in transition toward self-sufficiency. The Organization's purpose is exclusively educational and charitable.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit entities, Presentation of Financial Statements. Under the standards, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted based upon the following criteria:

UNRESTRICTED-

The unrestricted net assets represent expendable funds available for operations which are not otherwise limited by external donor restrictions.

TEMPORARILY RESTRICTED-

The temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

PERMANENTLY RESTRICTED-

Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized at cost. Contributions of property and equipment are capitalized and recorded at estimated fair market value as unrestricted support, unless time or purpose restrictions are stipulated by the donor, in which case they are recorded as temporarily or permanently restricted net assets. Depreciation and amortization is computed over the following estimated useful lives using the straight-line method over the estimated lives as follows.

<u>Major Groupings</u>	<u>Useful Lives (years)</u>
Building	15-39
Building improvements	7-39
Furniture and equipment	3-7

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

The Organization periodically evaluates its property and equipment for other-than-temporary impairment and considers a write down to fair value if it does not exceed carrying value. As of May 31, 2016, the Organization had not recorded any impairment loss on its long-lived assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Significant estimates that may change in the near term include fair value of long-lived assets and related impairment, if any.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal or state income tax. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose for which the Organization was granted exemption status. In the opinion of management, the Organization does not have any unrelated business income subject to taxation.

ASC Topic 740, Income Taxes, provides guidance on how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Tax years that remain subject to examination are 2013 and forward.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Endowment and Investment Policies and Objectives

The endowment of the Organization includes two components. Endowment funds which have been designated by the Board of Directors are classified as unrestricted board designated, and endowment funds restricted by external donors are classified as permanently restricted. The Organization has a formal investment policy which sets out performance criteria and investment guidelines. Spending policies, including distributions, are set by the Board of Directors. The earnings and contributions are restricted and reinvested until the principal balance has reached a specified amount yet to be determined by the Board of Directors.

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

1. Organization and Summary of Significant Accounting Policies (continued)

Endowment and Investment Policies and Objectives (continued)

The funds are held in cash and cash equivalents and a variety of investments. The objectives of the investment program are to ensure the safety and preservation of the invested funds and to provide liquidity of investments sufficient to meet the needs of the Organization.

Accounts Receivable and Pledges Receivable

Accounts and pledges receivable are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted. Pledges receivable due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using imputed interest rates applicable to the years in which pledges are received. Discounts on pledges to give that are measured at present value are amortized between the date the pledge is initially recognized and the date the cash or other contributed assets are received.

Investments

The Organization records the investments at fair value on the date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and market value in the statement of activities.

Recently Issued Accounting Pronouncements

The Organization has reviewed the recently issued FASB Codification Updates (ASU's) for the year ended May 31, 2016, and have determined that none of the recently issued accounting updates will have a material effect on the fair presentation of these financial statements.

Inventory

The Organization publishes and sells a cook book as a program activity. The inventory of books is carried at the lower of cost or fair market value.

Contributions

Contributions are recognized when the donor makes a promise to give that is unconditional and are considered to be available for unrestricted use unless restricted by the donor. Amounts that are restricted for future periods or restricted for specific purposes are reported as temporarily restricted or permanently restricted support. When a time restriction expires or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Membership Dues

Membership dues are deferred and recognized over the period membership benefits are provided.

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

1. Organization and Summary of Significant Accounting Policies (continued)

In-kind Contributions

Donated property, marketable securities, and other noncash donations are recorded as contributions at their estimated fair value as of the date of the donation. The Organization receives contributions of clothing and accessories and donates the goods to women in need of such items. The estimated fair value of the clothing and accessories donated each year to third parties is recorded as in-kind contributions with an off-setting program expense. In-kind contributions and expenses related to this program totaled \$45,936 for the year ended May, 31, 2016

Donated services are recognized as contributions and recorded at their estimated fair market value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills; are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recorded donated services meeting the above criteria totaling \$294,914 for the year ended May 31, 2016. These donated services primarily include medical and dental professionals who donate their service for C.A.R.E Fair.

In addition, many individuals have donated significant amounts of their time in governance, program services, and resource development efforts. No amounts have been reflected in the financial statements for these volunteer services since they did not meet the criteria for recognition.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was approximately \$2,869 for the year ended May 31, 2016.

Functional Allocation of Expense

The costs of programs and supporting services has been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Fair Value of Financial Instruments

The Organization has adopted the provisions of Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements. ASC Topic 820 provides a fair value framework that gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable input (Level III). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

FASB ASC 820 Fair Value Measurements and Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value of a financial instrument is the amount 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 (the exit price). Accordingly, when market observable data is not readily available, the Organization's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. Financial assets and financial liabilities recorded in the balance sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level I- Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access. Examples include prices derived from NYSE, NASDAQ, Chicago Board of Trade, and Pink Sheets.

Level II- Financial assets and financial liabilities whose values are based on (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in non-active markets, or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability. Examples include Matrix pricing, market corroborated pricing, and inputs such as yield curves and indices.

Level III- Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the Organization's estimates of the assumptions that market participants would use in valuing the financial liabilities. Examples include Investment Manager Pricing for Price Placements, Private Equities, Hedge Funds, etc.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input this is significant to the fair value measurement. Valuation techniques used need to maximize these observable inputs and minimize the use of unobservable inputs.

Concentration of Credit and Market Risk

The Organization maintains its cash and cash equivalent balances at a financial institution located in Salt Lake City, Utah. The deposits may exceed their federally insured limit of \$250,000 established by the FDIC. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

The Organization also maintains accounts with a brokerage firm.. The accounts contain cash and securities. The balances are insured by the Securities Investors Protection Corporation up to \$500,000 with a \$250,000 limit for cash claims. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

1. Organization and Summary of Significant Accounting Policies (continued)

Concentration of Credit and Market Risk (continued)

Primarily all revenues and receivables are from members and donors located in Salt Lake County, Utah.

2. Investments and Fair Value

As of May 31, 2016, investments consisted of money market and cash equivalents, mutual funds, equity securities, and certificates of deposits as follows:

Cash alternatives	\$ 42,404
Fixed income	242,725
Equity securities	606,595
Total	<u>\$ 891,724</u>

Unrestricted investment return for the year ended May 31, 2016 is as follows:

Investment return, unrestricted:

Interest and dividends	\$ 60,764
Broker fees	(8,915)
Net realized and unrealized gain (loss)	(69,245)
Investment return, unrestricted	<u>\$ (17,396)</u>

Restricted investment return for the year ended May 31, 2016 is as follows:

Net realized and unrealized gain (loss)	\$ (3,269)
Investment return, restricted	<u>\$ (3,269)</u>

The fair values of the financial instruments shown in the following tables represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the Organization's judgments about the assumptions that market participants would use in pricing the asset. Those judgements are based on the best information available included expected cash flows, and appropriately risk-adjusted interest rates, and available observable and unobservable inputs.

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

2. Investments and Fair Value (continued)

Assets measured at fair value on a recurring basis as of May 31, 2016 are as follows:

	Total	Level I	Level II	Level III
Cash alternatives	\$ 42,404	\$ 42,404	\$ -	\$ -
Fixed income	242,725	242,725	-	-
Equity securities	606,595	606,595	-	-
 Total investments	 <u>\$ 891,724</u>	 <u>\$ 891,724</u>	 <u>\$ -</u>	 <u>\$ -</u>

3. Temporarily Restricted Net Assets

Temporarily restricted net assets as of May 31, 2016 are as follows:

CARE Fair	\$ 78,616
Women Helping Women program	46,444
Building Fund	149,545
Other	6,246
	<u>\$ 280,851</u>

4. Permanently Restricted Assets

Permanently restricted net assets totaling \$103,795 at May 31, 2016 represent permanently restricted donations and are classified as long term investments in the statement of financial position. Investment and interest income earned on the permanently restricted net assets is also permanently restricted until the principal balance has reached a specified amount yet to be determined by the Board of Directors, at which time future earnings will be released to cover administrative expenses of the Organization.

5. Cash Deposits

At May 31, 2016, the carrying amount of the Organization's cash deposits was \$339,309 and the bank balance was \$343,304. Of the bank balance, \$343,304 was covered by federal depository insurance.

6. Endowment

The Organization's endowment includes board designated funds held as quasi-endowments in the unrestricted net assets class and donor-restricted funds which are held in the permanently restricted net asset class. These funds are classified and reported based on the existence or absence of donor imposed restrictions. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization's policy is to preserve fair value of the original gift.

Junior League of Salt Lake City, Inc.
Notes to Financial Statements
Year Ended May 31, 2016

6. Endowment (continued)

The earnings and realized and unrealized appreciation of the endowment funds are restricted and reinvested until the principal balance has reached a specified amount yet to be determined by the Board of Directors, at which time future earnings will be released to cover administrative expenses of the Organization.

Changes in unrestricted board designated and permanently restricted endowment funds are as follows:

	Unrestricted Board Designated	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 308,284	\$ 107,064	\$415,348
Investment return:			
Investment losses	(9,302)	(3,269)	(12,571)
Endowment net assets, ending of year	<u>\$ 298,982</u>	<u>\$ 103,795</u>	<u>\$402,777</u>

7. Prior Period Audit Adjustment

Deferred membership dues of \$16,150 were not recorded in the proper years. Thus, to reflect the deferred revenue and equity, a \$16,150 prior period adjustment is to take place.

8. Fundraising

The total fundraising revenue and expenses for May 31, 2016 is \$56,780 and \$60,792, respectively .

9. Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through December 20, 2016, which is the date the financial statements were available to be issued. The Organization did not identify any subsequent events or transactions that should be disclosed.