

THE JUNIOR LEAGUE OF NASHVILLE, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended May 31, 2022 and 2021

And Report of Independent Auditor

THE JUNIOR LEAGUE OF NASHVILLE, INC.
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR..... 1-2

FINANCIAL STATEMENTS

 Statements of Financial Position3

 Statements of Activities.....4-5

 Statements of Functional Expenses6-7

 Statements of Cash Flows8

 Notes to the Financial Statements.....9-20

Report of Independent Auditor

To the Board of Directors
The Junior League of Nashville, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of The Junior League of Nashville, Inc. (the “League”) (a nonprofit organization), which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Junior League of Nashville, Inc. as of May 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the League and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the League’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 League's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cherry Bekaert LLP

Nashville, Tennessee
October 4, 2022

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENTS OF FINANCIAL POSITION

MAY 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 574,753	\$ 468,732
Accounts receivable	860	600
Prepaid expenses	-	8,670
Investments	300,000	200,000
Total Current Assets	875,613	678,002
Investments	18,706,061	20,244,621
Beneficial interests in perpetual trusts	1,437,445	1,138,869
Land, building, and equipment	1,935,407	1,875,193
Less accumulated depreciation	(1,542,478)	(1,489,283)
Land, Building, and Equipment, Net	392,929	385,910
Total Assets	\$ 21,412,048	\$ 22,447,402
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 24,462	\$ 21,233
Deferred membership dues and event income	181,397	195,633
Grant payable, current portion	200,000	200,000
Total Current Liabilities	405,859	416,866
Grant payable, net of current portion and discount	1,381,397	191,928
Total Liabilities	1,787,256	608,794
Net Assets:		
Without Donor Restrictions:		
Undesignated	755,587	639,635
Designated	6,673,937	6,761,022
Total Net Assets Without Donor Restrictions	7,429,524	7,400,657
With donor restrictions	12,195,268	14,437,951
Total Net Assets	19,624,792	21,838,608
Total Liabilities and Net Assets	\$ 21,412,048	\$ 22,447,402

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

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED MAY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions and other	\$ 179,188	\$ 39,517	\$ 218,705
Membership dues and fees	238,763	-	238,763
Fundraising income	465,172	-	465,172
Satisfaction of program restrictions	1,888,328	(1,888,328)	-
Total Revenue	2,771,451	(1,848,811)	922,640
Expenses:			
Program services	2,076,639	-	2,076,639
Supporting services	332,758	-	332,758
Total Expenses	2,409,397	-	2,409,397
Change in net assets, before investment gain (loss)	362,054	(1,848,811)	(1,486,757)
Gain on beneficial interest in perpetual trusts	-	298,576	298,576
Investment loss, net	(333,187)	(692,448)	(1,025,635)
Change in net assets	28,867	(2,242,683)	(2,213,816)
Net assets, beginning of year	7,400,657	14,437,951	21,838,608
Net assets, end of year	\$ 7,429,524	\$ 12,195,268	\$ 19,624,792

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

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED MAY 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions and other	\$ 158,606	\$ 81,179	\$ 239,785
Membership dues and fees	234,613	-	234,613
Fundraising income	64,185	-	64,185
Government grant revenue	31,895	-	31,895
Satisfaction of program restrictions	76,716	(76,716)	-
Total Revenue	<u>566,015</u>	<u>4,463</u>	<u>570,478</u>
Expenses:			
Program services	620,676	-	620,676
Supporting services	78,351	-	78,351
Total Expenses	<u>699,027</u>	<u>-</u>	<u>699,027</u>
Change in net assets, before investment gain	(133,012)	4,463	(128,549)
Gain on beneficial interest in perpetual trusts	-	169,631	169,631
Investment gain, net	<u>1,610,056</u>	<u>3,230,618</u>	<u>4,840,674</u>
Change in net assets	1,477,044	3,404,712	4,881,756
Net assets, beginning of year	<u>5,923,613</u>	<u>11,033,239</u>	<u>16,956,852</u>
Net assets, end of year	<u>\$ 7,400,657</u>	<u>\$ 14,437,951</u>	<u>\$ 21,838,608</u>

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

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2022

	Program Services							Supporting Services	
	Hamilton Christmas Fund	JLN Trust	PRKK Trusts	Community Outreach	Mildred B. Ansley Fund	Internal Support	Total Program Services	Annual Fundraisers	Total Expenses
Salaries, taxes, and benefits	\$ -	\$ -	\$ -	\$ 35,493	\$ -	\$ 88,733	\$ 124,226	\$ 53,240	\$ 177,466
Community grants, sponsorships, and assistance	35,398	1,389,469	-	129,175	-	500	1,554,542	-	1,554,542
In-kind expenses	-	-	-	-	-	-	-	40,671	40,671
Event costs	-	-	-	7,872	-	11,762	19,634	169,981	189,615
Membership dues	-	-	-	-	-	60,712	60,712	-	60,712
Legal and professional	-	-	-	241	-	101,856	102,097	1,875	103,972
Depreciation	-	-	-	-	-	54,351	54,351	3,469	57,820
Insurance	-	-	-	-	-	36,802	36,802	-	36,802
Technology	-	-	-	-	-	21,919	21,919	3,154	25,073
Facilities and equipment - other	-	-	-	-	-	21,838	21,838	-	21,838
Utilities	-	-	-	-	-	17,869	17,869	-	17,869
Training and education	-	-	-	-	-	12,858	12,858	-	12,858
Other	-	3,817	2,832	1,355	246	21,434	29,684	36,130	65,814
Printing and copying	-	-	-	15	-	7,373	7,388	21,336	28,724
Supplies	-	-	-	106	-	4,776	4,882	57	4,939
Telephone	-	-	-	-	-	5,154	5,154	-	5,154
Postage and shipping	-	-	-	-	-	2,683	2,683	2,845	5,528
	\$ 35,398	\$ 1,393,286	\$ 2,832	\$ 174,257	\$ 246	\$ 470,620	\$ 2,076,639	\$ 332,758	\$ 2,409,397

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

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2021

	Program Services							Supporting Services	
	Hamilton Christmas Fund	JLN Trust	PRKK Trusts	Community Outreach	Mildred B. Ansley Fund	Internal Support	Total Program Services	Annual Fundraisers	Total Expenses
Salaries, taxes, and benefits	\$ -	\$ -	\$ -	\$ 33,640	\$ -	\$ 84,099	\$ 117,739	\$ 50,460	\$ 168,199
Community grants, sponsorships, and assistance	34,757	-	-	103,441	-	809	139,007	-	139,007
Legal and professional	-	-	-	506	-	90,575	91,081	200	91,281
Membership dues	-	-	-	-	-	57,852	57,852	-	57,852
Depreciation	-	-	-	-	-	48,768	48,768	3,113	51,881
Other	-	2,638	1,957	936	170	18,956	24,657	14,366	39,023
Insurance	-	-	-	-	-	32,228	32,228	-	32,228
Event costs	-	-	-	2,707	-	19,598	22,305	6,923	29,228
Technology	-	-	-	-	-	22,727	22,727	143	22,870
Facilities and equipment - other	-	-	-	-	-	18,295	18,295	-	18,295
Utilities	-	-	-	-	-	16,832	16,832	-	16,832
Printing and copying	-	-	-	-	-	7,239	7,239	2,088	9,327
Training and education	-	-	-	-	-	8,630	8,630	-	8,630
Telephone	-	-	-	-	-	5,469	5,469	-	5,469
Supplies	-	-	-	-	-	4,464	4,464	107	4,571
Postage and shipping	-	-	-	-	-	3,383	3,383	951	4,334
	\$ 34,757	\$ 2,638	\$ 1,957	\$ 141,230	\$ 170	\$ 439,924	\$ 620,676	\$ 78,351	\$ 699,027

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

THE JUNIOR LEAGUE OF NASHVILLE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED MAY 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (2,213,816)	\$ 4,881,756
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net unrealized and realized loss (gain) on investments	1,339,198	(4,495,762)
Gain on beneficial interest in perpetual trust	(298,576)	(169,631)
Depreciation	57,820	51,881
Change in operating assets and liabilities:		
Accounts receivable	(260)	7,896
Prepaid expenses	8,670	(8,670)
Accounts payable and accrued expenses	3,229	(7,967)
Deferred membership dues and event income	(14,236)	10,547
Grants payable	1,189,469	(200,000)
Deferred government grant revenue	-	(31,895)
Net cash flows from operating activities	<u>71,498</u>	<u>38,155</u>
Cash flows from investing activities:		
Sales of investments	413,642	386,772
Purchases of investments	(314,280)	(344,912)
Purchases of land, building, and equipment	<u>(64,839)</u>	<u>(28,326)</u>
Net cash flows from investing activities	<u>34,523</u>	<u>13,534</u>
Net increase in cash and cash equivalents	106,021	51,689
Cash and cash equivalents, beginning of year	<u>468,732</u>	<u>417,043</u>
Cash and cash equivalents, end of year	<u>\$ 574,753</u>	<u>\$ 468,732</u>

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

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 1—Nature of activities and significant accounting policies

General – Established in 1922, The Junior League of Nashville, Inc. (the “League”) is an organization of women whose mission is to advance women’s leadership for meaningful community impact through volunteer action, collaboration, and training. The League explores the needs of the community, establishes projects to meet those needs, and provides trained volunteers and financial assistance for the projects established. The League provides training for volunteers to be effective in their service to the community. The placement of those volunteers and the League’s funding assistance is directed toward the areas of women, children, and families. The League is a member of the Association of Junior League International, Inc.

Trust Fund – The League has a trust fund to ensure the observance of limitations and restrictions placed on the use of contributions and support to the League. These contributions are invested and the related investment income is restricted for the intended purpose of serving the best interests of children in a condition – physical, mental, emotional, environmental, or economic – that places a child at risk of not being able to live into adulthood as a healthy, educated individual, whose disabilities can be sufficiently improved or overcome to enable him or her to be self-supporting in our society. In addition to physical illness and conditions, examples include children who are crippled by poverty, illiteracy, or family strife. The fair market value of assets held by the trust, less amounts currently pledged, amounted to \$10,750,729 and \$12,862,787 at May 31, 2022 and 2021, respectively, and are included in the assets of the League.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting prescribed for not-for-profit organizations. Under these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the League. These net assets may be used at the discretion of the League’s management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the League or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for programs.

Liquidity – Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the League considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 1—Nature of activities and significant accounting policies (continued)

Investments – The League accounts for investments in accordance with standards of accounting for investments prescribed for not-for-profit organizations. Under these standards, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. See Note 4 for additional information on fair value measurements.

Perpetual Trusts – Donors have established and funded trusts which are administered by organizations other than the League. Under the terms of the trusts, the League has the irrevocable right to receive the income earned or a portion of the income earned on the trust assets in perpetuity. The League does not control the assets held by a third party.

Restricted Endowment Funds – The Uniform Prudent Management Institutional Funds Act (“UPMIFA”) was enacted in Tennessee effective July 1, 2007. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires disclosure of a description of the governing board’s interpretation of the law that underlies the organization’s net asset classification of donor-restricted endowment funds, a description of the organization’s policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization’s endowment investment policies, and additional disclosures not previously required.

Land, Building, and Equipment – Land, building, and equipment are stated at cost, except those received by gift, which are stated at estimated market value as of the date of the gift. Expenditures for ordinary maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation on building and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Useful lives range from 40 years for buildings to 3 years for software and computers.

Membership Dues – Membership dues generally cover a period of one year; therefore, such revenue is recognized over the time period to which the dues relate. Dues received in advance of the membership year are deferred.

Contributions – Contributions are recognized when the donor makes a promise to give to the League that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The League uses the allowance method to determine uncollectible unconditional promises to give.

Donated Goods and Services – The League received in-kind contributions of materials and supplies primarily related to fundraising efforts in the amounts of \$40,671 and \$-0- for the years ended May 31, 2022 and 2021, respectively.

The League receives donated services from a variety of unpaid members and other volunteers. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under accounting and reporting standards prescribed for not-for-profit organizations has not been satisfied. However, during fiscal 2022 and 2021, members provided in excess of 50,000 and 25,000 hours, respectively, of service to various League programs.

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 1—Nature of activities and significant accounting policies (continued)

Federal Income Taxes – No provision for federal income taxes is made in the accompanying financial statements, as the League is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort.

Advertising – The League's advertising is non-direct and the costs are expensed as incurred. The League did not incur significant advertising expenses for the years ended May 31, 2022 and 2021.

Subsequent Events – The League evaluated subsequent events through October 4, 2022, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying financial statements, except as described in Note 11.

Note 2—Revenue recognition

The League recognizes revenue in accordance with Financial Accounting Standards Board Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers* ("ASC 606"). Under this guidance, an entity recognizes revenue when it transfers the promised goods or services to a customer in an amount that reflects consideration to which the entity expects to be entitled to in exchange for those goods and services.

The League recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction prices.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when or as the League satisfies a performance obligation.

The League has analyzed the provisions of ASC 606 and has concluded the following:

Topic 606 Revenues – The accounting for the types of revenue that are accounted for under Topic 606 is discussed below.

Event Fees – Event fees are recognized at the time each meeting is held. Fees are generally collected at or before event dates and, therefore collectability is reasonably assured.

Membership Dues – Membership dues are collected up front for a one-year membership period coinciding with the League's fiscal year. Collectability is reasonably assured as membership benefits are not provided without payment. Membership benefits consist of multiple performance obligations that are satisfied at either a point in time or satisfied over time as control is transferred to the member, depending on the benefit provided.

Fundraising Income – The League sells merchandise and other items. Sales are recognized at the time of delivery to the customer and when collectability is reasonably assured. All sales are transferred electronically or in person at the meetings, and no shipping and handling costs are recognized.

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 2—Revenue recognition (continued)

Contract Balances – Deferred revenue relates to the advance consideration received primarily for membership dues and event registration. Revenue is recognized once the League has satisfied all performance obligations. Membership dues are paid in advance of membership benefits. Event fees are generally paid prior to the right to attend the event occurrence.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The League's contracts with customers related to event fees and sales do not typically include multiple performance obligations.

The League's membership dues include multiple performance obligations. Performance obligations related to discounted and free trainings and event registrations are satisfied upon delivery to the member. Performance obligations related to the remaining performance obligations are satisfied over time as control is transferred to the member. As membership benefits are provided for one year, all performance obligations are satisfied during the League's fiscal year.

Variable Consideration – The League's contracts with customers do not result in contract modifications. The League offers discounted and free trainings and event registrations to its members, which the League considers a material right offered to its members. The League considers this discount to be a separate performance obligation that is satisfied upon the member's attendance at the training or event.

Payment Terms – The League's payment terms vary by member type and the products offered. The time between invoicing and when payment is due is not significant. The League's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

Practical Expedients and Exemptions – There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. The one practical expedient the League applied in the adoption and application of ASC 606 allows the League to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

Disaggregation of Revenue –The statement of activities depicts the disaggregation of revenue by product for the years ended May 31, 2022 and 2021. This is consistent with how the League evaluates financial performance.

Note 3—Liquidity and availability of resources

The League regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the League considers all expenditures related to its ongoing activities of promoting voluntarism and developing the potential of women and improving community through effective action and trained volunteers, as well as the conduct of services undertaken to support those activities to be general expenditures.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 3—Liquidity and availability of resources (continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at May 31:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 574,753	\$ 468,732
Investments	19,006,061	20,444,621
Accounts receivable	860	600
Total financial assets, at year-end	19,581,674	20,913,953
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with board designations	(6,673,937)	(6,761,022)
Net assets with donor restrictions	(10,757,823)	(13,299,082)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,149,914</u>	<u>\$ 853,849</u>

Net assets with board designations may be used at the discretion of the Board of Directors for operational purposes.

Note 4—Investments and fair value measurements

The League has adopted the provisions of the *Fair Value Measurement Topic* of FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The applicable levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the League has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 4—Investments and fair value measurements (continued)

The fair value of Level 1 assets was determined by obtaining quoted market prices in active markets.

The League's beneficial interests in trusts were valued using information obtained from third party sources, including detail listings of holdings from the trusts. These valuations are based upon the League's percent interest in future trust earnings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the League believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The overall investment objective of the League is to maintain a balanced portfolio, through a mix of equities, fixed income securities, and money market balances.

The following table sets forth by level, within the fair value hierarchy, the League's assets at fair value as of May 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds:				
Equities	\$ 13,312,854	\$ -	\$ -	\$ 13,312,854
Fixed income	5,511,907	-	-	5,511,907
Money market funds	181,300	-	-	181,300
Total assets at fair value	<u>\$ 19,006,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,006,061</u>
Beneficial interests in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,437,445</u>	<u>\$ 1,437,445</u>

The following table sets forth by level, within the fair value hierarchy, the League's assets at fair value as of May 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds:				
Equities	\$ 13,312,854	\$ -	\$ -	\$ 13,312,854
Fixed income	5,511,907	-	-	5,511,907
Money market funds	181,300	-	-	181,300
Total assets at fair value	<u>\$ 19,006,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,006,061</u>
Beneficial interests in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,437,445</u>	<u>\$ 1,437,445</u>

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 4—Investments and fair value measurements (continued)

The summary of changes in the fair value of the League's Level 3 assets for the years ended May 31 are as follows:

	2022	2021
Balance, beginning of year	\$ 1,138,869	\$ 969,238
Realized and unrealized gain	298,576	169,631
Balance, end of year	<u>\$ 1,437,445</u>	<u>\$ 1,138,869</u>

Investments are classified as follows:

	2022	2021
Current	\$ 300,000	\$ 200,000
Noncurrent	18,706,061	20,244,621
	<u>\$ 19,006,061</u>	<u>\$ 20,444,621</u>

Note 5—Land, building, and equipment

The components of land, building, and equipment as of May 31 are as follows:

	2022	2021
Land	\$ 125,000	\$ 125,000
Building	1,445,120	1,426,932
Software	68,377	66,427
Equipment	296,910	256,834
	1,935,407	1,875,193
Less accumulated depreciation	<u>(1,542,478)</u>	<u>(1,489,283)</u>
Land, building, and equipment, net	<u>\$ 392,929</u>	<u>\$ 385,910</u>

Note 6—Grant payable

In December 2015, the League entered into an agreement with Vanderbilt Children's Hospital ("VCH"), effective July 2015, to provide \$1.5 million over the period from June 2017 through June 2022, payable in annual installments. The proceeds are to be used for the operations of a number of programs at VCH as described in the agreement. In March 2022, the League entered into a second agreement with VCH to provide \$1.5 million over a period from July 2022 through June 2027, payable in annual installments. The payments have been discounted using a rate of 2.81%. The proceeds are to be used to fund a Directorship in Pediatric Rehabilitation and for the Fund for Pediatric Rehabilitation.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 6—Grant payable (continued)

The liability for grant payable at May 31 is as follows:

	2022	2021
Amount payable to VCH	\$ 1,700,000	\$ 400,000
Less discount to net present value	(118,603)	(8,072)
	<u>\$ 1,581,397</u>	<u>\$ 391,928</u>
Payable in less than one year	\$ 200,000	\$ 200,000
Payable in one to six years, net	1,381,397	191,928
	<u>\$ 1,581,397</u>	<u>\$ 391,928</u>

Note 7—Endowment funds

The League's endowment funds consist of board-designated and donor-restricted net assets which are held in investment accounts. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The endowment funds maintained by the League include the Anniversary Community Endowment Fund, the Operating Expense Endowment Fund, Vanderbilt Care for Children Fund, the Mildred B. Ansley Fund, and perpetual trusts.

Endowment net asset composition by type of fund as of May 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Anniversary Community Endowment Fund	\$ 3,209,887	\$ -	\$ 3,209,887
Operating Expense Endowment Fund	3,056,489	-	3,056,489
Vanderbilt Care for Children	407,561	-	407,561
Perpetual trusts	-	1,437,445	1,437,445
Total endowment	<u>\$ 6,673,937</u>	<u>\$ 1,437,445</u>	<u>\$ 8,111,382</u>

Changes in endowment net assets for the year ended May 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,761,022	\$ 1,138,869	\$ 7,899,891
Investment return	(333,187)	298,576	(34,611)
Additions	407,561	-	407,561
Distributions, net	(161,459)	-	(161,459)
Endowment net assets, end of year	<u>\$ 6,673,937</u>	<u>\$ 1,437,445</u>	<u>\$ 8,111,382</u>

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 7—Endowment funds (continued)

Endowment net asset composition by type of fund as of May 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Anniversary Community Endowment Fund	\$ 3,506,748	\$ -	\$ 3,506,748
Operating Expense Endowment Fund	3,053,523	-	3,053,523
Mildred D. Ansley Fund	200,751	-	200,751
Perpetual trusts	-	1,138,869	1,138,869
Total endowment	<u>\$ 6,761,022</u>	<u>\$ 1,138,869</u>	<u>\$ 7,899,891</u>

Changes in endowment net assets for the year ended May 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 5,335,155	\$ 969,238	\$ 6,304,393
Investment return	1,610,056	169,631	1,779,687
Distributions, net	(184,189)	-	(184,189)
Endowment net assets, end of year	<u>\$ 6,761,022</u>	<u>\$ 1,138,869</u>	<u>\$ 7,899,891</u>

Endowment Investment Policy and Risk Parameters – The League has adopted investment policies to allow endowment assets to support the League and to enable it to more completely fulfill its mission by providing operational funding and community assistance for perpetuity. Under the League’s investment policy for endowment assets, the primary objective is to maintain the accumulated balances and to protect the principal. The policy also requires that the funds, as a whole, should not be subjected to undue investment risk.

Strategies Employed for Achieving Investment Objectives – To satisfy its long-term objectives, the League relies on an investment strategy that allows the value of the funds to at least keep pace with inflation. It is expected that the funds’ investment performance will be measured by total return, taking capital appreciation into consideration, without regard to whether any particular item should be allocated to principal or to income for fiduciary accounting purposes. There are no specific guidelines as to how much current income should be generated by the funds’ investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy – Spending authority for the Anniversary Community Endowment Fund accounts are the product of a 4.5% spending rate and the 36-month moving average of fair market value. In the event the endowed accounts fall below \$1 million, spending will be restricted to 0% of the 36-month moving average of the fair market value. The spending authority for the Operating Expense Endowment Fund accounts are the product of a 4.5% spending rate and the 36-month moving average of the fair market value. In the event that endowed accounts fall below \$1 million, spending will be restricted to 3% of the 36-month moving average of the fair market value.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 8—Government grant revenue

The League received a loan during the year ended May 31, 2020 under the Paycheck Protection Program (“PPP”) for an amount of \$31,895, which was established under the Coronavirus Aid, Relief, and Economic Security Act and administered by the Small Business Administration (“SBA”). The application for the PPP loan requires the League to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the League. This certification further requires the League to take into account current business activity and ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the League. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the League having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loans based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan.

The League applied for forgiveness with the SBA in which on December 16, 2020, the SBA had forgiven the PPP loan in full. As a result, the League recognized \$31,895 to government grant income included on the 2021 statement of activities.

Note 9—Concentrations of credit risk

The League maintains its deposits in financial institutions at balances which, at times, may exceed federally insured limits. Amounts held by the League in excess of federally insured limits totaled approximately \$380,000 and \$255,000 at May 31, 2022 and 2021, respectively. In management’s opinion, the financial institutions have strong credit ratings and exposure to losses from such concentrations is not considered significant. Additionally, the League has over \$19 million of investments in debt and equity securities as of May 31, 2022, which are subject to market risk.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 10—Donor-restricted and board-designated net assets

The components of donor-restricted and board-designated net assets as of May 31, 2022 are as follows:

	Board Designated	With Donor Restrictions
JLN Trust – Junior League Home for Crippled Children	\$ -	\$ 10,750,729
Hamilton Bequests - Christmas Gifts	-	411
Anniversary Community Endowment Fund	3,209,887	-
Operating Expense Endowment Fund	3,056,489	-
Vanderbilt Care for Children	407,561	-
Hardship donations	-	6,683
Perpetual trusts	-	1,437,445
	<u>\$ 6,673,937</u>	<u>\$ 12,195,268</u>

The components of donor-restricted and board-designated net assets as of May 31, 2021 are as follows:

	Board Designated	With Donor Restrictions
JLN Trust - Junior League Home for Crippled Children	\$ -	\$ 12,862,787
Operation Reserve - Care for Children	-	428,884
Hamilton Bequests - Christmas Gifts	-	245
Anniversary Community Endowment Fund	3,506,748	-
Operating Expense Endowment Fund	3,053,523	-
Mildred B. Ansley Fund - JLN operations	200,751	-
Hardship donations	-	7,166
Perpetual trusts	-	1,138,869
	<u>\$ 6,761,022</u>	<u>\$ 14,437,951</u>

JLN Trust – Junior League Home for Crippled Children – This balance is comprised of a trust established by the League to own, maintain, and operate the Junior League Home for Crippled Children (the “Home”). According to the trust agreement, assets of the trust, and any income received are to be used for programs of the Home.

Operation Reserve – Care for Children – This balance represents contributions restricted for community projects that benefit crippled children. These funds were relieved of restriction during the year ended May 31, 2022 and the Board passed a resolution to designate the funds to support the Vanderbilt Care for Children fund.

Hamilton Fund – Gladden the Hearts of the Children at Christmas – This balance represents donor contributions restricted to gladden the hearts of children at Christmas time.

Anniversary Community Endowment Fund – This balance represents contributions restricted and board designated to provide financial support for activities of the League that improve the welfare of the community. The restricted contributions cannot be used for League activities unless the fund exceeds a balance of \$1,000,000.

THE JUNIOR LEAGUE OF NASHVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2022 AND 2021

Note 10—Donor-restricted and board-designated net assets (continued)

Operating Expense Endowment Fund – This balance represents contributions restricted and board designated to provide financial support for activities of the League that improve the welfare of the community.

Mildred B. Ansley Fund – JLN Operations – This balance represents a memorial of Mildred B. Ansley, a member of the League, who bequeathed \$150,000 to the League. The League has designated that her gift be invested as a memorial and that the investment return be used to provide equipment the League requires to maintain its operations. During the year ended June 30, 2022, the Board passed a resolution to remove previous Board restrictions.

Perpetual Trusts – The League has an irrevocable right to receive the income or a portion of the income earned from the trusts in perpetuity. Included in this balance are Pike, Reynolds, King, and Kempkau trusts (PRKK Trusts), as well as the Hamilton Trust.

Note 11—Subsequent event

In May, 2022, the trustees of the JLN Trust-Junior League Home for Crippled Children (“1941 Trust”) petitioned the Seventh Circuit Court of Davidson County, Tennessee Probate Division (“Court”) to modify the 1941 Trust to allow its proceeds and corpus to be expended in support of any Junior League charitable activity or community-based activity, as may be approved by the 1941 Trust’s Board of Trustees and , as appropriate, the Junior League’s Advisory Committee. On September 8, 2022, the Court ruled in favor of the request.