

THE JUNIOR LEAGUE OF NASHVILLE, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended May 31, 2021 and 2020

And Report of Independent Auditor

THE JUNIOR LEAGUE OF NASHVILLE, INC.
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1

FINANCIAL STATEMENTS

 Statements of Financial Position2

 Statements of Activities.....3-4

 Statements of Functional Expenses5-6

 Statements of Cash Flows7

 Notes to the Financial Statements8-19

Report of Independent Auditor

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

We have audited the accompanying financial statements of The Junior League of Nashville, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2021 and 2020, and 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 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 Junior League of Nashville, Inc.'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 Junior League of Nashville, Inc.'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 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 Nashville, Inc. as of May 31, 2021 and 2020, 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.

Cherry Bekaert LLP

Nashville, Tennessee
September 7, 2021

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

MAY 31, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 468,732	\$ 417,043
Accounts receivable	600	8,496
Prepaid expenses	8,670	-
Investments	200,000	200,000
Total Current Assets	<u>678,002</u>	<u>625,539</u>
Investments	<u>20,244,621</u>	<u>15,790,719</u>
Beneficial interests in perpetual trusts	<u>1,138,869</u>	<u>969,238</u>
Land, building, and equipment	1,875,193	1,855,916
Less accumulated depreciation	<u>(1,489,283)</u>	<u>(1,446,451)</u>
Net Land, Building, and Equipment	<u>385,910</u>	<u>409,465</u>
Total Assets	<u><u>\$ 22,447,402</u></u>	<u><u>\$ 17,794,961</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 21,233	\$ 29,200
Deferred membership dues and event income	195,633	185,086
Grant payable, current portion	200,000	200,000
Total Current Liabilities	<u>416,866</u>	<u>414,286</u>
Deferred government grant revenue	-	31,895
Grant payable, net of current portion and discount	<u>191,928</u>	<u>391,928</u>
Total Liabilities	<u>608,794</u>	<u>838,109</u>
Net Assets:		
Net Assets Without Donor Restrictions:		
Undesignated	639,635	588,458
Designated	<u>6,761,022</u>	<u>5,335,155</u>
Total Net Assets Without Donor Restrictions	<u>7,400,657</u>	<u>5,923,613</u>
Net Assets With Donor Restrictions	<u>14,437,951</u>	<u>11,033,239</u>
Total Net Assets	<u>21,838,608</u>	<u>16,956,852</u>
Total Liabilities and Net Assets	<u><u>\$ 22,447,402</u></u>	<u><u>\$ 17,794,961</u></u>

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 ACTIVITIES

YEAR ENDED MAY 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions and other	\$ 100,147	\$ 131,876	\$ 232,023
Membership dues and fees	249,176	-	249,176
Fundraising income (including in-kind of \$109,715)	140,699	-	140,699
Satisfaction of program restrictions	267,173	(267,173)	-
Total Revenue	757,195	(135,297)	621,898
Expenses:			
Program services	583,559	-	583,559
Supporting services (including in-kind of \$109,715)	197,107	-	197,107
Total Expenses	780,666	-	780,666
Change in net assets, before investment gain	(23,471)	(135,297)	(158,768)
Gain on beneficial interest in perpetual trusts	-	7,452	7,452
Investment gain, net	382,331	774,630	1,156,961
Change in net assets	358,860	646,785	1,005,645
Net assets, beginning of year	5,564,753	10,386,454	15,951,207
Net assets, end of year	\$ 5,923,613	\$ 11,033,239	\$ 16,956,852

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.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2020

	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	\$ -	\$ -	\$ -	\$ 32,641	\$ -	\$ 81,603	\$ 114,244	\$ 48,962	\$ 163,206
Community grants, sponsorships, and assistance	45,132	-	-	104,845	-	-	149,977	-	149,977
In-kind expenses	-	-	-	172	-	-	172	109,543	109,715
Event costs	-	-	-	2,949	-	13,011	15,960	10,079	26,039
Membership dues	-	-	-	-	-	61,765	61,765	-	61,765
Legal and professional	-	-	-	390	-	47,345	47,735	12,309	60,044
Depreciation	-	-	-	-	-	44,910	44,910	2,867	47,777
Insurance	-	-	-	-	-	30,330	30,330	-	30,330
Technology	-	-	-	-	-	23,325	23,325	4,672	27,997
Facilities and equipment - other	-	-	-	-	-	22,149	22,149	-	22,149
Utilities	-	-	-	-	-	19,055	19,055	-	19,055
Training and education	-	-	-	-	-	13,012	13,012	-	13,012
Other	-	1,820	1,350	646	117	14,224	18,157	393	18,550
Printing and copying	-	-	-	468	-	8,892	9,360	2,254	11,614
Supplies	-	-	-	-	-	3,472	3,472	5,243	8,715
Telephone	-	-	-	-	-	8,341	8,341	-	8,341
Postage and shipping	-	-	-	-	-	1,595	1,595	785	2,380
	\$ 45,132	\$ 1,820	\$ 1,350	\$ 142,111	\$ 117	\$ 393,029	\$ 583,559	\$ 197,107	\$ 780,666

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, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 4,881,756	\$ 1,005,645
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net unrealized and realized gain on investments	(4,495,762)	(803,329)
Gain on beneficial interest in perpetual trust	(169,631)	(7,452)
Depreciation	51,881	47,777
Change in operating assets and liabilities:		
Accounts receivable	7,896	(8,146)
Prepaid expenses	(8,670)	372
Accounts payable and accrued expenses	(7,967)	6,273
Deferred membership dues and event income	10,547	(25,760)
Grants payable	(200,000)	(186,604)
Deferred government grant revenue	(31,895)	31,895
Net cash from operating activities	<u>38,155</u>	<u>60,671</u>
Cash flows from investing activities:		
Sales of investments	386,772	494,378
Purchases of investments	(344,912)	(353,633)
Purchases of land, building, and equipment	(28,326)	(14,411)
Net cash from investing activities	<u>13,534</u>	<u>126,334</u>
Net increase in cash and cash equivalents	51,689	187,005
Cash and cash equivalents, beginning of year	417,043	230,038
Cash and cash equivalents, end of year	<u><u>\$ 468,732</u></u>	<u><u>\$ 417,043</u></u>

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2021 AND 2020

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 committed to promoting voluntarism, to developing the potential of women, and to improving the Middle Tennessee community through the effective action and leadership of trained volunteers. The purpose of the League is exclusively educational and charitable. 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 \$12,862,787 and \$9,758,632 at May 31, 2021 and 2020, 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, 2021 AND 2020

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 \$-0- and \$109,715 for the years ended May 31, 2021 and 2020, 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 2021 and 2020, members provided in excess of 25,000 and 50,000 hours, respectively, of service to various League programs.

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2021 AND 2020

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.

Recently Adopted Accounting Pronouncement – In May 2014, FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively, “ASC 606”). As allowed by ASC 606, the Organization adopted the provisions of ASU 2014-09 and the related ASUs as of June 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment. There was no change in the timing and amount of revenue recognition as a result of the adopting of these ASUs (see Note 2).

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, 2021 and 2020.

Subsequent Events – The League evaluated subsequent events through September 7, 2021, 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.

Note 2—Revenue recognition and impact of the new revenue standard adoption

As allowed by ASC 606, effective June 1, 2020, the League adopted ASC 606, which requires an entity to recognize 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. As described in Note 1, the League adopted ASC 606 using the modified retrospective method which recognizes the cumulative effect of initial adoption as of the effective date to net assets. There was no impact to net assets as of June 1, 2020 as a result of the adoption of ASC 606.

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 JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2021 AND 2020

Note 2—Revenue recognition and impact of the new revenue standard adoption (continued)

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.

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.

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

MAY 31, 2021 AND 2020

Note 2—Revenue recognition and impact of the new revenue standard adoption (continued)

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, 2021 and 2020. This is consistent with how the League evaluates financial performance.

Note 3—Liquidity and availability

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. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 468,732	\$ 417,043
Investments	20,444,621	15,990,719
Accounts receivable	600	8,496
Total financial assets, at year-end	<u>20,913,953</u>	<u>16,416,258</u>
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with board designations	(6,761,022)	(5,335,155)
Net assets with donor restrictions	<u>(13,299,082)</u>	<u>(10,064,001)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 853,849</u>	<u>\$ 1,017,102</u>

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

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2021 AND 2020

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 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, 2021:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equities	\$ 14,876,388	\$ -	\$ -	\$ 14,876,388
Fixed income	2,581,875	-	-	2,581,875
Money market funds	2,986,358	-	-	2,986,358
Total assets at fair value	<u>\$ 20,444,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,444,621</u>
Beneficial interests in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,869</u>	<u>\$ 1,138,869</u>

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

MAY 31, 2021 AND 2020

Note 4—Investments and fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the League's assets at fair value as of May 31, 2020:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equities	\$ 11,411,812	\$ -	\$ -	\$ 11,411,812
Fixed income	4,477,503	-	-	4,477,503
Money market funds	101,404	-	-	101,404
Total assets at fair value	<u>\$ 15,990,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,990,719</u>
Beneficial interests in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 969,238</u>	<u>\$ 969,238</u>

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

	2021	2020
Balance, beginning of year	\$ 969,238	\$ 961,786
Realized and unrealized gain (loss)	169,631	7,452
Balance, end of year	<u>\$ 1,138,869</u>	<u>\$ 969,238</u>

Investments are classified as follows:

	2021	2020
Current	\$ 200,000	\$ 200,000
Noncurrent	20,244,621	15,790,719
	<u>\$ 20,444,621</u>	<u>\$ 15,990,719</u>

Note 5—Land, building, and equipment

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

	2021	2020
Land	\$ 125,000	\$ 125,000
Building	1,426,932	1,409,892
Software	66,427	66,427
Equipment	256,834	254,597
	<u>1,875,193</u>	<u>1,855,916</u>
Less accumulated depreciation	<u>(1,489,283)</u>	<u>(1,446,451)</u>
Net land, building, and equipment	<u>\$ 385,910</u>	<u>\$ 409,465</u>

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

MAY 31, 2021 AND 2020

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.

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

	2021	2020
Amount payable to VCH	\$ 400,000	\$ 600,000
Less discount to net present value	(8,072)	(8,072)
	<u>\$ 391,928</u>	<u>\$ 591,928</u>
Payable in less than one year	\$ 200,000	\$ 200,000
Payable in one to six years, net	191,928	391,928
	<u>\$ 391,928</u>	<u>\$ 591,928</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, the Mildred B. Ansley Fund, and perpetual trusts.

Endowment net asset composition by type of fund as of May 31, 2021 is 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>

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

MAY 31, 2021 AND 2020

Note 7—Endowment funds (continued)

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
Additions	-	-	-
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 net asset composition by type of fund as of May 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Anniversary Community Endowment Fund	\$ 2,723,689	\$ -	\$ 2,723,689
Operating Expense Endowment Fund	2,439,312	-	2,439,312
Mildred D. Ansley Fund	172,154	-	172,154
Perpetual trusts	-	969,238	969,238
Total endowment	<u>\$ 5,335,155</u>	<u>\$ 969,238</u>	<u>\$ 6,304,393</u>

Changes in endowment net assets for the year ended May 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 5,136,306	\$ 961,786	\$ 6,098,092
Investment return	382,317	7,452	389,769
Additions	-	-	-
Distributions, net	(183,468)	-	(183,468)
Endowment net assets, end of year	<u>\$ 5,335,155</u>	<u>\$ 969,238</u>	<u>\$ 6,304,393</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.

THE JUNIOR LEAGUE OF NASHVILLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2021 AND 2020

Note 7—Endowment funds (continued)

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 investment return on the Mildred B. Ansley Fund may be distributed.

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 \$255,000 and \$226,000 at May 31, 2021 and 2020, 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 \$20 million of investments in debt and equity securities as of May 31, 2021, which are subject to market risk.

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

MAY 31, 2021 AND 2020

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

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>

The components of donor-restricted and board-designated net assets as of May 31, 2020 are as follows:

	Board Designated	With Donor Restrictions
JLN Trust - Junior League Home for Crippled Children	\$ -	\$ 9,762,235
Operation Reserve - Care for Children	-	301,402
Hamilton Bequests - Christmas Gifts	-	364
Anniversary Community Endowment Fund	2,723,689	-
Operating Expense Endowment Fund	2,439,312	-
Mildred B. Ansley Fund - JLN operations	172,154	-
Perpetual trusts	-	969,238
	<u>\$ 5,335,155</u>	<u>\$ 11,033,239</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.

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, 2021 AND 2020

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.

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—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the League, its performance, and its financial results.