

**JUNIOR LEAGUE OF RIVERSIDE, INC.
(A NON-PROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

MAY 31, 2019

JUNIOR LEAGUE OF RIVERSIDE, INC.
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Junior League of Riverside, Inc.
Riverside, California

We have reviewed the accompanying financial statements of Junior League of Riverside, (a nonprofit organization), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities and statement of functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Roorda, Piquet & Bessee, Inc.

Roorda, Piquet & Bessee, Inc.
Riverside, California
September 4, 2019

JUNIOR LEAGUE OF RIVERSIDE, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2019

Assets

Current assets:

Cash and cash equivalents	\$ 183,720
Total current assets	<u>183,720</u>

Other assets:

Long-term investments (endowment fund)	68,433
Total other assets	<u>68,433</u>

Total assets	<u>\$ 252,153</u>
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Liabilities and net assets

Current liabilities:

Accrued payroll	\$ 309
Other accrued	1,386
Total current liabilities	<u>1,695</u>

Net assets:

Without donor restrictions	235,271
With donor restrictions	15,187
Total net assets	<u>250,458</u>

Total liabilities and net assets	<u>\$ 252,153</u>
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JUNIOR LEAGUE OF RIVERSIDE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenue and support:			
Contributions, gifts, and grants:			
Contribution and grants	\$ 4,690	\$ -	\$ 4,690
Membership dues and fees	10,489	-	10,489
Realized and unrealized gains	928	-	928
Investment income	2,174	-	2,174
Other income	5,121	-	5,121
Total contributions, gifts, and grants	<u>23,402</u>	<u>-</u>	<u>23,402</u>
Special events revenue	9,382	-	9,382
Special events expense	<u>(1,931)</u>	<u>-</u>	<u>(1,931)</u>
Net special events	<u>7,451</u>	<u>-</u>	<u>7,451</u>
 Total revenue and support	 <u>30,853</u>	 <u>-</u>	 <u>30,853</u>
 Expenses:			
Program services:			
Training and education	34,879	-	34,879
Community projects	<u>20,927</u>	<u>-</u>	<u>20,927</u>
Total program services	<u>55,806</u>	<u>-</u>	<u>55,806</u>
Supporting services:			
Management and general	<u>13,952</u>	<u>-</u>	<u>13,952</u>
Total expenses	<u>69,758</u>	<u>-</u>	<u>69,758</u>
 Change in net assets	 (38,905)	 -	 (38,905)
 Net assets at beginning of year	 <u>274,176</u>	 <u>15,187</u>	 <u>289,363</u>
Net assets at end of year	<u>\$ 235,271</u>	<u>\$ 15,187</u>	<u>\$ 250,458</u>

JUNIOR LEAGUE OF RIVERSIDE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2019

	Program Services		Supporting Services	Totals
	Training and Education	Community Projects	Administration	
Salaries	\$ 4,281	\$ 2,569	\$ 1,712	\$ 8,562
Payroll taxes	652	391	261	1,304
Advertising	214	129	86	429
Association dues	3,270	1,962	1,308	6,540
Meetings, conferences and travel	701	421	280	1,402
Accommodation, food and beverage	4,850	2,910	1,940	9,700
Professional fees	3,064	1,838	1,226	6,128
Occupancy costs	9,400	5,640	3,760	18,800
Office expense	3,274	1,964	1,310	6,548
Insurance	1,345	807	538	2,690
Training	19	11	8	38
Donations	1,421	852	568	2,841
Repair and maintenance	33	20	13	66
Miscellaneous	2,355	1,413	942	4,710
Total expenses	<u>\$ 34,879</u>	<u>\$ 20,927</u>	<u>\$ 13,952</u>	<u>\$ 69,758</u>

JUNIOR LEAGUE OF RIVERSIDE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ (38,905)
Adjustments to reconcile net income to net cash provided/(used) by operating activities:	
Net realized and unrealized gains	(1,888)
Changes in operating assets and liabilities:	
Prepays	600
Deposits	800
Accrued payroll	1,068
Deferred revenue	<u>(705)</u>
Net cash used by operating activities	<u>(39,030)</u>
Decrease in cash and cash equivalents	(39,030)
Beginning cash and cash equivalents	<u>222,750</u>
Ending cash and cash equivalents	<u><u>\$ 183,720</u></u>
 SUPPLEMENTAL DATA:	
Interest paid	<u>\$ -</u>
Taxes paid	<u><u>\$ -</u></u>

JUNIOR LEAGUE OF RIVERSIDE, INC.
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 1 - NATURE OF ACTIVITIES

Organization

Junior League of Riverside, Inc. (the "League") is a not-for-profit corporation formed under the Corporation Code of the State of California for the purpose of promoting and training individuals for voluntary community service. The League's major sources of support come from membership dues and contributions from individuals and corporations mainly located in the Riverside, California area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the League have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA), "*Audit and Accounting Guide for Not-for-Profit Organizations*" (the "*Guide*"). ASC 958-205 was effective January 1, 2018.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Description of Net Asset Classes

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as prescribed for not-for-profit organizations by the Financial Accounting Standards Board ("FASB"). Accordingly, the net assets of the League are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

JUNIOR LEAGUE OF RIVERSIDE, INC.
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

The League has also adopted FASB Accounting Standards Codification ("ASC") 958, whereby contributions are recorded as with or without donor restriction depending on the existence and/or nature of the donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the item or purpose of the restrictions. Those contributions whose restrictions are met during the same reporting period have been reported as unrestricted support.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the League considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents.

Information about Financial Instruments

The carrying value of most of the League's financial instruments, is considered to approximate the fair value. Cash is settled so close to the balance sheet date that fair value does not differ significantly from the stated amounts.

Furniture and Equipment

Acquisitions of equipment and furniture in excess of \$500 are capitalized and recorded at cost. Donated property is recorded at the estimated fair value at the date of the gift. All capitalized assets are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated lives range from two to five years. Maintenance and repair costs are expensed when incurred. All capitalized assets are fully depreciated at May 31, 2019.

Compensated Absences

It is not practicable for the League to estimate the amount of compensation for future absences, therefore, no liability for compensated absences has been recorded in the League's financial statements. The League's policy is to recognize the cost of compensated absences when actually paid to employees.

JUNIOR LEAGUE OF RIVERSIDE, INC.
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

Functional Allocation of Expenses

Expenses are allocated on a functional basis among the various programs and support services benefited. Expenses that can be identified with a specific program or support service are charged directly to that program or service. Expenses that are common to several programs or services are allocated based on methods relevant to the function.

Income Taxes

The League is exempt from taxation under Internal Revenue Code Section 501(c)(3) and the comparable California Revenue and Taxation Code Section 23701(d).

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by an organization, management believes that all of the positions taken by the League in its federal and state income tax returns are more likely than not to be sustained upon examination.

The League files returns in the U.S. Federal jurisdiction and the State of California. With few exceptions, the League is no longer subject to federal and California income tax examinations by tax authorities for the tax years before 2015. For tax years 2015 through 2018, the League does not currently have an examination in progress or scheduled as of May 31, 2019.

Donated Materials and Services

Some members of the League have donated significant amounts of time furthering the League's program and objectives. No amounts have been included in the financial statements for donated member or volunteer services since no objective basis is available to measure the value of such services.

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. Management is currently evaluating the impact of this new standard on its financial statements.

JUNIOR LEAGUE OF RIVERSIDE, INC.
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

Accounting Pronouncement Adopted

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958). The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The League has adjusted the presentation of these statements accordingly.

NOTE 3 - ENDOWMENT FUND

The League's endowment fund is made up of one fund established by the Board of Directors. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including without donor restrictions investment funds designated by the Board of Directors to be included in the endowment funds, are classified and reported based on with or without donor-imposed restrictions. Through December 31, 2007, the League's management and investment of donor restricted endowment funds were subject to the provision of the Uniform Management of Institutional Funds Act ("UMIFA"). In 2006, the Uniform Law Commission approved the UMIFA which serves as a guideline to state the use in enacting legislation. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the donor-restricted endowment fund in favor of a more robust set of guidelines about what constitutes prudent spending.

In 2008, the State of California enacted UPMIFA, the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, the League is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the League classifies as with donor restricted net assets the original value of gifts with donor-imposed restrictions that such funds be retained as a permanent endowment. The League has no donor restricted endowment assets as of May 31, 2019.

The League has outsourced the management of the League's endowment fund to The Community Foundation ("CF"). The oversight of the investment portfolio is the responsibility of the CF investment committee whose members are appointed by and serve the CF Board of Directors, and which shall administer the investment portfolio in compliance with all written policies approved by the CF Board. Annual distributions are subject to the policies of the CF, which limit them to a maximum disbursement of 4% of the endowment principal market value from all endowed funds. The distributable amount for each fund is determined using a twelve-quarter moving average.

JUNIOR LEAGUE OF RIVERSIDE, INC.
NOTES TO THE FINANCIAL STATEMENTS
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The CF Investment Committee has contracted with an independent investment consultant for the purpose of managing the investment and reinvestment of fund assets in a manner consistent with the overall investment policy as approved by the CF Board.

The League's investment objectives are determined by the CF to:

- Preserve the investment portfolio's corpus over the long-term.
- Ensure the investment portfolio's long-term ability to distribute income.
- Ensure that restricted donations are protected so that they are available for the target use.

In achieving the objectives, the League's primary investment mission is to preserve principal and to provide income to help sustain the League's programs in future years.

The following is the endowment fund composition as of May 31, 2019:

	Without donor Restrictions	With donor Restrictions	Total
Endowment fund	\$ 68,433	\$ -	\$ 68,433

The following are the changes in the endowment fund for the year ended May 31, 2019:

	Without Donor Restrictions	With donor Restrictions	Total
Beginning of year	\$ 66,545	\$ -	\$ 66,545
Realized and unrealized gain	928	-	928
Interest income	1,780	-	1,780
Distributions and fees	(819)	-	(819)
End of year	\$ 68,433	\$ -	\$ 68,433

NOTE 4 -FAIR VALUE MEASUREMENTS

The League has adopted FASB ASC 820, "Fair Value Measurements and Disclosures". FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurement.

JUNIOR LEAGUE OF RIVERSIDE, INC.
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the League's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

A description of the valuation methodologies used for assets measured at fair value is disclosed in Note 1 (Organization and Summary of Significant Accounting Policies). There have been no changes in the methodologies used during the year ended May 31, 2019.

The methods described in Note 1 (Organization and Summary of Significant Accounting Policies) 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.

At May 31, 2019, assets measured at fair value on a recurring basis included investments held in pooled accounts totaling \$68,433.

The fair value of the pooled funds are based on the market values of the investments that comprise the pooled funds. The CF determines fair value for the League's portion of the pooled funds. A reconciliation of activity for the year can be found in Note 2.

JUNIOR LEAGUE OF RIVERSIDE, INC.
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 5 - COMMITMENTS

The League leased office space under an agreement for approximately \$1,500 per month which expired on August 31, 2016. Subsequently, the League continued to lease the space on a month-to-month basis for \$1,700 per month until they renewed the lease on January 1, 2018. The renewed lease agreement is for approximately \$1,500 per month which is set to expire December 31, 2019. Total rent expense for the year ended May 31, 2019 was \$18,800.

NOTE 6 - NET ASSETS

At May 31, 2019, net assets were designated as follows:

Board designated funds:

Funds to be held as an endowment at	
The Community Foundation	\$ 68,433
Designated for project development	9,663
Designated for real property	84,168
Undesignated	<u>73,007</u>
Total without donor restriction net assets	<u><u>\$ 235,271</u></u>
Sunshine Fund	\$ 2,051
Community League marketing	1,790
Community League grant	<u>11,346</u>
Total net assets with donor restrictions	<u><u>\$ 15,187</u></u>

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The League's financial assets available within one year of the statement of financial position date for general expenditure are \$183,720.

NOTE 8 - SUBSEQUENT EVENTS

The League has evaluated subsequent events through September 4, 2019, the date which the financial statements were available to be issued. No subsequent events have been identified that would require disclosure in the notes to these financial statements.