JUNIOR LEAGUE OF COLORADO SPRINGS, INCORPORATED

Financial Statements
& Supplemental Schedules

For the Year Ended May 31, 2017

WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Junior League of Colorado Springs, Incorporated
Colorado Springs, Colorado

We have audited the accompanying financial statements of Junior League of Colorado Springs, Incorporated, which comprise the balance sheet as of May 31, 2017, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior League of Colorado Springs, Incorporated as of May 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2016 financial statements were reviewed by us, and our report thereon, dated July 29, 2016, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
August 16, 2017

JUNIOR LEAGUE OF COLORADO SPRINGS, INCORPORATED

Statement of Financial Position

May 31, 2017

(With Comparative Amounts for 2016)

ASSETS

	(Audited) 2017	(Reviewed) 2016
CURRENT ASSETS:		
Cash and cash equivalents	$ 162,111	$ 326,492
Accounts receivable	553	790
Inventory	22,310	25,236
Prepaid expenses	2,961	2,698
Total current assets	187,935	355,216
INVESTMENTS	392,670	362,062
PROPERTY AND EQUIPMENT:		
Condominium unit	174,900	2,000
Equipment	12,750	12,750
Less accumulated depreciation	(17,759)	(12,342)
Property and equipment, net	169,891	2,408
TOTAL ASSETS	$ 750,496	$ 719,686

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES:		
Accounts payable	$ 5,552	$ 4,470
Accrued liabilities	680	685
Deferred revenue	25,310	25,382
Total current liabilities	31,542	30,537
NET ASSETS:		
Unrestricted	412,195	383,115
Unrestricted - board designated	219,940	219,940
Temporarily restricted	86,819	86,094
Total net assets	718,954	689,149
TOTAL LIABILITIES AND NET ASSETS	$ 750,496	$ 719,686

See Notes to Financial Statements

JUNIOR LEAGUE OF COLORADO SPRINGS, INCORPORATED

Statement of Activities and Changes in Net Assets

For the Year Ended May 31, 2017

(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	(Audited) 2017 Totals	(Reviewed) 2016 Totals
REVENUE AND SUPPORT:				
Investment income	$ 36,205	$	$ 36,205	$ (1,471)
Membership dues	30,072		30,072	29,765
Grants and contributions	15,399	725	16,124	12,340
Special events:				
Touch a Truck - net of direct costs of $8,893 and $7,397	15,633		15,633	8,014
Derby Party - net of direct costs of $8,102 and $0	4,556		4,556	
Glass Slipper Ball - net of direct costs of $0 and $515				4,746
5K - net of direct costs of $0 and $1,885				2,370
Kids in the Kitchen - net of direct costs of $0 and $309				(309)
Other revenue	2,395		2,395	2,250
Cookbook sales - net of direct costs of $1,599 and $1,661	20		20	1,603
Gain on sale of asset				145,733
Total revenue and support	104,280	725	105,005	205,041
EXPENSES:				
Program services:				
League and community programs	36,930		36,930	31,612
Training and education	15,327		15,327	16,943
Total program services	52,257		52,257	48,555
Supporting services:				
Unallocated payments to national organization	9,976		9,976	9,912
Management and general	8,699		8,699	8,747
Fundraising	4,268		4,268	4,736
Total supporting services	22,943		22,943	23,395
Total expenses	75,200		75,200	71,950
CHANGE IN NET ASSETS	29,080	725	29,805	133,091
NET ASSETS, beginning of year	603,055	86,094	689,149	556,058
NET ASSETS, end of year	$ 632,135	$ 86,819	$ 718,954	$ 689,149

See Notes to Financial Statements

JUNIOR LEAGUE OF COLORADO SPRINGS, INCORPORATED

Statement of Cash Flows

For the Year Ended May 31, 2017

(With Comparative Amounts for 2016)

	(Audited) 2017	(Reviewed) 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 29,805	$ 133,091
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized (gains) losses on investments	(31,697)	6,253
Depreciation	5,417	638
Gain on sale of asset		(145,733)
Decrease (increase) in operating assets:		
Accounts receivable	237	(785)
Inventory	2,926	4,452
Prepaid expenses	(263)	(1,273)
Increase (decrease) in operating liabilities:		
Accounts payable	1,082	143
Accrued liabilities	(5)	311
Deferred revenue	(72)	642
Total adjustments	(22,375)	(135,352)
Net cash provided (used) by operating activities	7,430	(2,261)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property & equipment	(172,900)	(2,000)
Building sale proceeds, net of selling costs		212,531
Change in investments, net	1,089	(4,405)
Net cash provided (used) by investing activities	(171,811)	206,126
NET INCREASE (DECREASE) IN CASH	(164,381)	203,865
CASH AND CASH EQUIVALENTS, beginning of year	326,492	122,627
CASH AND CASH EQUIVALENTS, end of year	$ 162,111	$ 326,492

See Notes to Financial Statements

JUNIOR LEAGUE OF COLORADO SPRINGS, INCORPORATED

Notes to Financial Statements

For the Year Ended May 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Junior League of Colorado Springs (the League) is a Colorado nonprofit corporation that belongs to the Association of Junior Leagues International. Founded in 1924, we are a group of women committed to promoting voluntarism, developing the potential of women, and improving the community through the effective action and leadership of trained volunteers. Our Focus Area beginning in the 2016-2017 league year is on serving and supporting teenagers in our community to provide them with the life skills needed to become independent and successful adults.

Cash and Cash Equivalents

Cash and cash equivalents include the League's checking and money market accounts.

Supplemental Cash Flow Disclosures

For the year ended May 31, 2017, cash flows from operating activities contain no income taxes or interest.

Investments

Investments are recorded at quoted market values. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Inventory

Inventory consists of t-shirts and cookbooks held for resale and is valued at the lower of first-in, first-out cost or market.

Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment -Continued

Depreciation is recorded using the straight-line method over estimated useful lives as follows:

	Years
Condominium unit	31
Equipment	5-7

Depreciation expense amounted to $5,417 and $638 for the years ended May 31, 2017 and 2016, respectively.

Accounts Receivable

Accounts receivable are recorded at the amount the League expects to collect on balances outstanding at year end. Based on management's assessment of its history with individuals and businesses having outstanding balances, it has concluded that no allowance for doubtful accounts is necessary.

Revenue Recognition

Membership dues received by the League are recognized as income in the appropriate membership year. Dues received, which pertain to the upcoming year, are reported as deferred revenue.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services and Materials

A substantial number of volunteers have donated significant amounts of their time in the League's program services and fundraising activities. Contributions of services are recognized in the financial statements only if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended May 31, 2017 and 2016, no amounts were recorded for donated services and materials.

Functional Allocation of Expenses

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

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the League's financial statements for the year ended May 31, 2016, from which the summarized information was derived.

Certain reclassifications have been made to the prior-year amounts in order to conform to the current year financial statement format.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The League qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The League's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the League believes that it does not have any uncertain tax positions that are material to the financial statements.

Date of Management's Review

In preparing the financial statements, the League has evaluated events and transactions for potential recognition or disclosure through August 16, 2017, the date that the financial statements were available to be issued.

B. FAIR VALUE MEASUREMENTS

The League applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the League has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

B. FAIR VALUE MEASUREMENTS - Continued

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at May 31, 2017 and 2016:

Assets at Fair Value as of May 31, 2017

	Level 1	Level 2	Level 3	Total
Money market funds	$ 31,179	$	$	$ 31,179
Fixed income	103,000			103,000
Stocks	258,491			258,491
	$ 392,670	$	$	$ 392,670

Assets at Fair Value as of May 31, 2016

	Level 1	Level 2	Level 3	Total
Money market funds	$ 47,590	$	$	$ 47,590
Fixed income	85,000			85,000
Stocks	229,472			229,472
	$ 362,062	$	$	$ 362,062

Investment income for the years ended May 31, 2017 and 2016, consists of the following:

	2017	2016
Unrealized gains (losses)	$ 31,697	$ (6,253)
Interest and dividends	7,604	7,731
Fees	(3,096)	(2,949)
	$ 36,205	$ (1,471)

C. CASH AND CASH EQUIVALENTS

The Association of Junior League International recommends that the League maintain six months operating expenses in cash and cash equivalents. At May 31, 2017, six months of operating expenses was budgeted at $35,527.

D. DEFERRED REVENUE

Deferred revenue consists of membership dues of $25,310 and $25,382 at May 31, 2017 and 2016, respectively.

E. ASSOCIATION OF JUNIOR LEAGUE INTERNATIONAL

The League is required to pay a portion of each member's dues to the Association of Junior League International. This payment was $9,976 and $9,912 for the years ended May 31, 2017 and 2016, respectively.

F. UNRESTRICTED NET ASSETS - BOARD DESIGNATED

At May 31, 2017 and 2016, the Board had designated net assets for training in the amount of $219,940.

G. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at May 31, 2017 and 2016, consist of the following:

	2017	2016
Endowment fund - program support	$ 82,010	$ 81,285
C.A.R.E. Fair	4,809	4,809
	$ 86,819	$ 86,094

H. ENDOWMENT FUND

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the Colorado Uniform Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restriction. As a result of this interpretation, temporarily restricted assets include the original value of the gift by the donor.

Composition of Endowment

The Endowment is composed of donor-restricted contributions and earnings on investments, totaling $153,913 at May 31, 2017. The corpus of each donor-restricted contribution held in the Endowment Fund is temporarily restricted.

H. ENDOWMENT FUND - Continued

The following changes affected the endowment during the years ended May 31, 2017 and 2016:

Changes in Endowment Net Assets During the Year Ended May 31, 2017

	Unrestricted	Temporarily Restricted	Total
Beginning of year	$ 58,350	$ 81,285	$ 139,635
Gains on investments	13,553		13,553
Contributions		725	725
End of year	$ 71,903	$ 82,010	$ 153,913

Changes in Endowment Net Assets During the Year Ended May 31, 2016

	Unrestricted	Temporarily Restricted	Total
Beginning of year	$ 59,138	$ 80,675	$ 139,813
Losses on investments	(788)		(788)
Contributions		610	610
End of year	$ 58,350	$ 81,285	$ 139,635

Return Objectives and Risk Parameters

The League has adopted objectives and parameters in its investment policy for the purpose of providing reasonably predictable earnings while preserving the required fair value of the Endowment's temporarily restricted net assets.

Spending Policy and Relation to Investment Objectives

To the extent that expenses satisfy donor stipulations, the League considers the long-term expected return on the Endowment to determine appropriate distributions each year. Accordingly, over the long-term, the League expects its spending policy to provide funding for its programs as well as preserve the required fair values of the Endowment's temporarily restricted net assets. The League's Endowment Fund Guidance document requires that a minimum of $75,000 of original investment is retained in the Endowment Fund.

H. ENDOWMENT FUND - Continued

Strategies Employed for Achieving Objectives

The League employs a total-return strategy to achieve its investment objectives, which utilizes both capital appreciation (realized and unrealized) and current yield (interest and dividends). Asset allocation and diversification is applied to maintain an acceptable level of prudent risk.

I. OPERATING LEASE

In August 2016, the League replaced a prior operating lease for office equipment. The new lease requires payments of $148 per month for 63 months. Total lease expense for the years ended May 31, 2017 and 2016, amounted to $1,847 and $2,412, respectively.

The future minimum obligations under these operating leases for the years ending May 31 are as follows:

2018	$ 1,776
2019	1,776
2020	1,776
2021	1,776
2022	888

JUNIOR LEAGUE OF COLORADO SPRINGS, INCORPORATED

Schedule of Functional Expenses

For the Year Ended May 31, 2017

	Program Services		Supporting Services			
	League & Community Programs	Training & Education	National Organization	Management & General	Fundraising	Total
Building grounds and maintenance	$ 3,974	$ 993	$	$ 1,656	$	$ 6,623
Community projects	1,370	1,418			585	3,373
Depreciation	3,250	813		1,354		5,417
In-kind expenses	3,113					3,113
Insurance	2,205	2,205				4,410
Meetings and conferences	5,025	2,473		394		7,892
Unallocated payments to national organization			9,976			9,976
Office supplies and postage	1,936	650		368	297	3,251
Other	2,551	551		916		4,018
Professional fees	3,464	1,155		577	577	5,773
Rent and storage	216	54		90		360
Salaries and related payroll taxes	8,313	4,618		2,771	2,771	18,473
Software	228	76		38	38	380
Telephone and utilities	1,285	321		535		2,141
	$ 36,930	$ 15,327	$ 9,976	$ 8,699	$ 4,268	$ 75,200
Percentage of total expenses	49%	20%	13%	12%	6%	100%