

## **Independent Auditor's Report**

### **Board of Directors The Junior League of Denver, Incorporated:**

We have audited the accompanying combined financial statements of The Junior League of Denver, Incorporated, which comprise the combined statement of financial position as of May 31, 2015, the related combined statements of activities 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

**Board of Directors  
The Junior League of Denver, Incorporated**

***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Junior League of Denver, Incorporated as of May 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining schedules on pages 18 - 21 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

***Report on Summarized Comparative Information***

We have previously audited The Junior League of Denver, Incorporated's 2014 combined financial statements, and our report dated August 18, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kundinger, Corder & Engle, P.C.*

August 24, 2015

**The Junior League of Denver, Incorporated**  
**Combined Statement of Financial Position**  
**May 31, 2015**  
**(With Summarized Comparative Information for 2014)**

	2015	2014
<b>Assets:</b>		
Cash and cash equivalents	\$ 965,082	1,791,173
Accounts receivable, net of allowance for doubtful accounts of \$10,356	65,241	62,538
Prepaid expenses and other assets	29,149	15,923
Inventories (note 2)	132,152	153,711
Investments (notes 3 and 4)	8,367,408	7,346,549
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$174,263	4,716	834
Total assets	\$ 9,563,748	9,370,728
<b>Liabilities and Net Assets:</b>		
Accounts payable and accrued liabilities	\$ 19,018	31,824
Deferred revenue (note 5)	172,576	189,001
Total liabilities	191,594	220,825
Net assets (note 6):		
Unrestricted:		
Undesignated	8,657,206	8,445,069
Designated	702,000	704,000
Investment in property and equipment	4,716	834
Total unrestricted net assets	9,363,922	9,149,903
Temporarily restricted net assets	8,232	-
Total net assets	9,372,154	9,149,903
Commitments (note 7)		
Total liabilities and net assets	\$ 9,563,748	9,370,728

See accompanying notes to combined financial statements.

**The Junior League of Denver, Incorporated**  
**Combined Statement of Activities**  
**For the Year Ended May 31, 2015**  
**(With Summarized Comparative Information for the Year Ended May 31, 2014)**

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
<b>Revenues, Gains and Support:</b>				
Contributions	\$ 117,206	9,052	126,258	135,348
Donated goods and services	5,269	-	5,269	21,079
Holiday Mart revenue	205,117	-	205,117	172,733
Less costs of direct benefits to donors	(53,558)	-	(53,558)	(45,450)
The Journey revenue	201,894	-	201,894	194,408
Less costs of direct benefits to donors	(129,241)	-	(129,241)	(109,805)
Second Time Shop revenue	181,943	-	181,943	165,339
Less cost of sales	(1,675)	-	(1,675)	(555)
Cookbook sales	47,647	-	47,647	52,222
Less cost of sales	(31,394)	-	(31,394)	(32,839)
Other fundraising revenue, net	19,459	-	19,459	10,954
Membership dues	155,314	-	155,314	156,442
Investment return, net (note 3)	334,958	-	334,958	763,775
Rental income	2,354	-	2,354	24,165
Gain on sale of fixed assets	-	-	-	463,226
Net assets released due to satisfaction of time and purpose restrictions	820	(820)	-	-
Total revenues, gains and support	<u>1,056,113</u>	<u>8,232</u>	<u>1,064,345</u>	<u>1,971,042</u>
<b>Expenses:</b>				
Program services:				
Program appropriations	49,179	-	49,179	34,504
Community assistance funds	36,218	-	36,218	58,438
Committee functions	36,267	-	36,267	31,074
Training and education	25,247	-	25,247	17,537
Allocated common costs	116,303	-	116,303	160,279
Total program services	<u>263,214</u>	<u>-</u>	<u>263,214</u>	<u>301,832</u>
Supporting activities:				
General and administrative	194,305	-	194,305	205,078
Committee functions	37,069	-	37,069	27,244
Membership management	32,804	-	32,804	30,777
Cookbooks	844	-	844	559
Second Time Shop	176,313	-	176,313	163,343
Allocated common costs	52,608	-	52,608	69,078
Total management and general	<u>\$ 493,943</u>	<u>-</u>	<u>493,943</u>	<u>496,079</u>

**(Continued)**

**The Junior League of Denver, Incorporated**  
**Combined Statement of Activities, Continued**  
**For the Year Ended May 31, 2015**  
**(With Summarized Comparative Information for the Year Ended May 31, 2014)**

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Fundraising:				
General fundraising expenses	\$ 32,329	-	32,329	78,779
Allocated common costs	52,608	-	52,608	69,078
Total fundraising	84,937	-	84,937	147,857
Total supporting activities	578,880	-	578,880	643,936
Total expenses	842,094	-	842,094	945,768
<b>Change in net assets</b>	214,019	8,232	222,251	1,025,274
Net assets at beginning of year	9,149,903	-	9,149,903	8,124,629
<b>Net assets at end of year</b>	<u>\$ 9,363,922</u>	<u>8,232</u>	<u>9,372,154</u>	<u>9,149,903</u>

See accompanying notes to combined financial statements.

**The Junior League of Denver, Incorporated**  
**Combined Statement of Cash Flows**  
**For the Year Ended May 31, 2015**  
**(With Summarized Comparative Information for the Year Ended May 31, 2014)**

	2015	2014
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 222,251	1,025,274
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,827	12,703
Gain on sale of fixed assets	—	(463,226)
Net realized and unrealized gain on investments	(136,484)	(635,911)
(Increase) decrease in operating assets:		
Accounts receivable	(2,703)	13,907
Prepaid expenses and other	(13,226)	36,820
Inventories	21,559	21,075
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(12,806)	18,419
Deferred revenue	(16,425)	(3,956)
Net cash provided by operating activities	63,993	25,105
<b>Cash flows from investing activities:</b>		
Payments for purchases of furniture and equipment	(5,709)	—
Net proceeds on sale of land and building	—	679,931
Net sales (purchases) of certificates of deposits	(900,000)	225,000
Net sales (purchases) of investments	15,625	117,845
Net cash provided by (used in) investing activities	(890,084)	1,022,776
<b>Net change in cash and cash equivalents</b>	(826,091)	1,047,881
Cash and cash equivalents, beginning of year	1,791,173	743,292
<b>Cash and cash equivalents, end of year</b>	\$ 965,082	1,791,173

See accompanying notes to combined financial statements.

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements

May 31, 2015

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### (1) Summary of Significant Accounting Policies

#### (a) General

The Junior League of Denver, Incorporated (the League) was incorporated in 1918 as an educational and charitable organization of women committed to promoting volunteerism, developing the potential of women, and improving the community through the effective action and leadership of trained volunteers. The League's purpose is exclusively educational and charitable and its focus is to improve the community through the health and education of women and children. The League's efforts are carried out through the following programs:

*Program Appropriations and Community Outreach* – The League provides volunteer and financial support to various community projects in its focus area throughout the Metro Denver community.

*Grants Program* – The League provides funding for community not-for-profits. Applicants undergo a rigorous screening and application process to ensure alignment with the League's mission, focus and goals.

*Training and Education* – The League co-sponsors conferences, programs and other activities for its members, on behalf or in support of community agencies, and for the benefit of the not-for-profit community through its collaborative efforts and by acting as a convener and coalition builder.

#### (b) Financial Statement Presentation

##### Reporting Entity

The accompanying financial statements include the accounts of the Junior League of Denver Foundation, Inc. (the Foundation), a separate not-for-profit organization established in 1992 to support the purposes and programs of the League. All significant intercompany balances and transactions have been eliminated in the combination.

##### Basis of Presentation

The League and the Foundation are required to report information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. There were no permanently restricted net assets at May 31, 2015.

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (c) Basis of Accounting

The accompanying financial statements of the organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

#### (d) Contributions

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

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor 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 net assets released from restrictions.

#### (e) Contributions Receivable

Unconditional contributions receivable are recognized as revenues in the period the pledge is received. Unconditional contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. The League had no contributions receivable at May 31, 2015.

#### (f) Cash and Cash Equivalents

For the purpose of the statement of cash flows, all unrestricted highly liquid investments with an original maturity of three months or less, and which are not held by investment managers as a part of an investment portfolio, are considered to be cash equivalents.

#### (g) Accounts Receivable

Accounts receivable represent amounts due resulting from the sale of cookbooks during the normal course of operations. The allowance for doubtful accounts is based on past experience and analysis of the collectability of current accounts receivable. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms.



# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (h) Investments

Investments are recorded at fair value. Fair value is more fully discussed in note 4.

Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based on quoted prices in active markets. The market value for alternative investments represents the pro-rata interest in the net assets of the investment and is based on financial information determined and reported by the investment manager or on the basis of other information evaluated periodically by the Board of Directors. Alternative investments are not publicly traded on national security markets exchanges, are generally illiquid and may be valued differently than if readily available markets existed for such investments. Based on inherent uncertainties of valuation of alternative investments, the reported market value of the investment may differ significantly from realizable value.

Investment income consists of the distributive share of any interest, dividends, and capital gains and losses generated from the investments. Realized gains and losses are reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

#### (i) Concentrations of Credit Risk

Financial instruments which potentially subject the League and Foundation to concentrations of credit risk consist of cash and temporary investments, investments in debt and equity securities, and alternative investments. Cash and temporary investments are placed with creditworthy, high quality financial institutions. At May 31, 2015, a portion of the League's cash exceeds the FDIC insurance limits.

Investments are made by investment managers engaged by the Foundation and are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, the Board of Directors believes that the investment policy is prudent for the long-term welfare of the Foundation.

One customer balance comprises approximately 90% of accounts receivable at May 31, 2015. Management believes the balance is fully collectible.

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (j) Inventories

Inventory consists of Junior League cookbooks held for sale and clothing and household items donated to the Second Time Shop. Cookbooks are valued at the lower of cost or market using the first-in, first-out method. Inventory donated to the Second Time Shop is valued at the estimated fair value at the date of donation.

#### (k) Property and Equipment

The League capitalizes all expenditures for property and equipment in excess of \$2,000 with an estimated useful life of one year or more. Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years. When assets are sold, retired or otherwise disposed of, the applicable costs are removed from the accounts and any resulting gain or loss is recognized.

#### (l) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (m) Revenue Recognition

Membership dues and provisional fees are recognized ratably over the term of the membership period. Revenue from fundraising events is recognized during the year in which the event is held. Other revenue is recognized as earned.

#### (n) Functional Allocation of Expenses

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

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (o) Advertising

The League uses advertising to promote its fundraising efforts. The production costs of the advertising are expensed as incurred. During the year ended May 31, 2015, the League incurred advertising costs of \$30,694 in connection with its cookbook sales and various fundraising efforts.

#### (p) Donated Goods and Services

Donated goods and services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation.

Unpaid volunteers have donated a significant number of hours in assisting the League in achieving the goals of its various service programs. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the requirements of recognition under generally accepted accounting principles. The League received approximately 66,300 volunteer hours during the fiscal year ended May 31, 2015.

#### (q) Income Taxes

The League and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualify for the charitable contribution deduction. However, income from activities not directly related to their tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income tax totaling \$798 was incurred by the Foundation for the year ended May 31, 2015, resulting from activity in limited partnerships in which the Foundation is invested.

Management is required to evaluate tax positions taken and recognize a tax liability (or asset) if a position has been taken that more than likely would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken or expected to be taken by the League and the Foundation that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none. The League and Foundation are subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. Management believes that the League and Foundation are no longer subject to income tax examinations for years prior to 2012.

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (r) Prior Year Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the League's financial statements for the year ended May 31, 2014, from which the summarized information was derived.

#### (s) Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The League's combined financial statements were available to be issued August 24, 2015 and this is the date through which subsequent events were evaluated.

### (2) Inventories

At May 31, 2015, inventory is valued as follows:

Cookbooks	\$ 30,097
Second Time Shop inventory	<u>102,055</u>
	\$ <u>132,152</u>

During the year, certain contributed goods not sold by the Second Time Shop were donated to other nonprofit organizations.

### (3) Investments

The League's investments consist of certificates of deposit with maturity dates of twelve months. The League can take early cash distributions from these certificates of deposit without penalty. The Foundation's investment assets, which include private and publicly held investments, are dedicated to providing the financial resources needed to meet the Foundation's grant making and other charitable objectives. The Foundation's investments are held in various investment structures which may include foreign domiciled funds and pooled investments.

Marketable and private alternative investments are exposed to various risks that may cause the reported value of the Foundation's investment assets to fluctuate from period to period and result in a material change to the net assets of the Foundation. Investments in equity securities fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment.

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

### (3) Investments, Continued

The value of bond investments and other fixed income securities fluctuate in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions. Some investment managers retained by the Foundation are permitted to use various investment strategies and techniques that are designed to achieve higher investment returns with lower volatility and low correlations to major market indices and other asset classes.

Strategies and techniques, such as the use of leverage, futures and forward contracts, option agreements, and other derivative instruments, create special risks and could increase the impact of adverse security price movements on the Foundation's investment portfolio.

Investments are stated at their fair values and consist of the following at May 31, 2015:

Certificates of deposit	\$ 900,000
Publicly traded mutual funds invested in:	
Bond funds:	
Floating rate fund	677,406
High yield fund	231,393
Total return fund	694,115
Equity funds:	
Domestic equity funds	1,414,965
International equity funds	2,172,197
Combination fund	583,522
Publicly traded exchange traded funds:	
Index funds	999,482
Money market fund	103,701
Common Sense Long Biased Hedge Fund	8,647
Lighthouse Global Long/Short Fund	<u>581,980</u>
Total investments	\$ <u>8,367,408</u>

Investment return is summarized as follows:

Interest and dividend income	\$ 237,949
Net realized and unrealized gains	136,484
Investment management fees	<u>(39,475)</u>
Total investment income	\$ <u>334,958</u>

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

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### (4) Fair Value Measurements

The carrying amount reported in the statement of financial position for cash and cash equivalents, receivables and payables approximate fair value because of the immediate or short-term maturities of these financial instruments.

The Foundation reports its investments in accordance with fair value standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard requires an entity to maximize the use of observable inputs (such as quoted prices in active markets) and to minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the Foundation reports certain investments using the “practical expedient” method, which allows for net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the Foundation to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or 3 reporting depending on lock-up and notice periods associated with the underlying funds. Investments measured on a recurring basis and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are certificates of deposit, money market and mutual funds.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

### (4) Fair Value Measurements, Continued

The following table summarizes the valuation of the Foundation's investments by the above fair value hierarchy levels as of May 31, 2015:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 900,000	900,000	—	—
Money market funds	103,701	103,701	—	—
Domestic equity funds	1,414,965	1,414,965	—	—
International equity funds	2,172,197	2,172,197	—	—
Fixed income funds	1,602,914	1,602,914	—	—
Combination funds	583,522	583,522	—	—
Exchange traded funds	999,482	999,482	—	—
Common Sense Long Biased Hedge Fund	8,647	8,647	—	—
Lighthouse Global Long/Short Fund	<u>581,980</u>	<u>—</u>	<u>581,980</u>	<u>—</u>
Total	<u>\$ 8,367,408</u>	<u>7,785,428</u>	<u>581,980</u>	<u>—</u>

All assets have been valued using a market approach, except for Level 3 assets. The fair value of Level 3 assets has been estimated using the net asset value per share as reported by the investment manager. There were no changes in valuation techniques during the current year.

The changes in investments measured at fair value for which the Foundation has used Level 3 inputs to determine fair value are as follows:

	<u>Common Sense Hedge Fund</u>
Balance at May 31, 2014	\$ 116,131
Purchases	—
Total realized and unrealized losses	(1,470)
Other investment income	—
Distributions	(106,014)
Transfers	<u>(8,647)*</u>
Balance at May 31, 2015	<u>\$ —</u>

The Foundation is also required to disclose, for Level 3 investments, the change in unrealized gains and losses included in the change in net assets related to investments still held at the reporting date. At May 31, 2015, this was an unrealized loss of \$65,176.

\*The Common Sense Hedge Fund was liquidated in 2015. The \$8,647 balance represents a cash hold-back that was received subsequent to year-end. Accordingly, the balance of the investment was transferred from Level 3 to Level 1 at year-end.

# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

### (4) Fair Value Measurements, Continued

The following table summarizes the significant information required by ASU No. 2009-12 as of May 31, 2015:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Lighthouse Global Fund (a)	\$ 581,980	–	Quarterly	60-90 days

(a) Lighthouse Global Long/Short Fund is a limited partnership interest in an actively managed global long/short equity fund seeking equity-like returns with lower volatility than traditional global equity investments. The portfolio is 100% invested through managed accounts. Each limited partner has the right to withdraw all or any portion of its capital account balance upon giving at least a 60 day prior written notice before the end of each quarter or at least a 90 day written prior notice before the end of each month. The General Partner may, in its sole discretion, suspend or restrict the right of any partner to withdraw capital from the Partnership and also may deduct from any withdrawal payments or otherwise charge to any withdrawing limited partner that has not held its partnership interest for at least 12 complete, consecutive months, a withdrawal charge equal to 2% of any amounts withdrawn.

### (5) Deferred Revenue

Deferred revenue consists of the following at May 31, 2015:

Membership dues	\$ 148,186
Fundraising events	<u>24,390</u>
	\$ <u>172,576</u>



# The Junior League of Denver, Incorporated

## Notes to Combined Financial Statements, Continued

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### (6) Net Assets

Unrestricted net assets include amounts designated for the following purposes at May 31, 2015:

Reserve for program services	\$ 79,000
Operating reserve	548,000
Capital reserve	<u>75,000</u>
	\$ <u>702,000</u>

Temporarily restricted net assets at May 31, 2015 consist of contributions received totaling \$8,232 restricted for future capital expenditures.

### (7) Commitments

The League leases office space at a monthly rental rate of \$2,873 under a lease agreement that ends August 31, 2015. After August 31, 2015, the lease will become a month-to-month lease which can be terminated by either party with a 30 day notice.

The League leases retail space for the Second Time Shop under a non-cancelable operating lease through April 30, 2016. The League also leases certain office equipment under non-cancelable operating leases through July 2018.

Future minimum rental payments under all leases are as follows for years ending May 31:

2016	\$ 52,690
2017	1,915
2018	1,915
2019	<u>318</u>
	\$ <u>56,838</u>

Rent expense for the year ended May 31, 2015 was \$118,994.

**The Junior League of Denver, Incorporated**  
**Supplemental Schedule of Combined Statement of Financial Position**  
**May 31, 2015**

	Junior League of Denver	Junior League Foundation	Eliminations	Combined Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 906,657	58,425	-	965,082
Accounts receivable, net	65,221	20	-	65,241
Due from affiliate	-	9,500	(9,500)	-
Prepaid expenses and other assets	29,149	-	-	29,149
Inventories	132,152	-	-	132,152
Investments	900,000	7,467,408	-	8,367,408
Furniture, equipment and leasehold improvements, net	4,716	-	-	4,716
Total assets	<u>\$ 2,037,895</u>	<u>7,535,353</u>	<u>(9,500)</u>	<u>9,563,748</u>
<b>Liabilities and Net Assets:</b>				
Accounts payable and accrued liabilities	\$ 19,018	-	-	19,018
Due to affiliate	9,500	-	(9,500)	-
Deferred revenue	172,576	-	-	172,576
Total liabilities	<u>201,094</u>	<u>-</u>	<u>(9,500)</u>	<u>191,594</u>
Net assets:				
Unrestricted:				
Undesignated	1,121,853	7,535,353	-	8,657,206
Designated	702,000	-	-	702,000
Investment in furniture, equipment, and leasehold improvements	4,716	-	-	4,716
Total unrestricted net assets	1,828,569	7,535,353	-	9,363,922
Temporarily restricted	8,232	-	-	8,232
Total net assets	<u>1,836,801</u>	<u>7,535,353</u>	<u>-</u>	<u>9,372,154</u>
Total liabilities and net assets	<u>\$ 2,037,895</u>	<u>7,535,353</u>	<u>(9,500)</u>	<u>9,563,748</u>

**The Junior League of Denver, Incorporated**  
**Supplemental Schedule of Combined Statement of Activities**  
**For the Year Ended May 31, 2015**

	Junior League of Denver		Junior League of Denver Foundation		Combined Total	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
		9,052		-		-
<b>Revenues, Gains and Support:</b>						
Contributions	\$ 3,500	9,052	113,706	-	117,206	9,052
Donated goods and services	5,269	-	-	-	5,269	-
Holiday Mart revenue	205,117	-	-	-	205,117	-
Less costs of direct benefits to donors	(53,558)	-	-	-	(53,558)	-
The Journey revenue	201,894	-	-	-	201,894	-
Less costs of direct benefits to donors	(129,241)	-	-	-	(129,241)	-
Second Time Shop revenue	181,943	-	-	-	181,943	-
Less cost of sales	(1,675)	-	-	-	(1,675)	-
Cookbook sales	47,647	-	-	-	47,647	-
Less cost of sales	(31,394)	-	-	-	(31,394)	-
Other fundraising revenue, net	19,459	-	-	-	19,459	-
Membership dues	155,314	-	-	-	155,314	-
Investment return, net	-	-	334,958	-	334,958	-
Rental income	2,354	-	-	-	2,354	-
Net assets released due to satisfaction of time and purpose restrictions	820	(820)	-	-	820	(820)
Total revenues, gains and support	\$ 607,449	8,232	448,664	-	1,056,113	8,232
Gifts and grants from affiliate	\$ 297,540	-	-	-	-	-

**(Continued)**

**The Junior League of Denver, Incorporated**  
**Supplemental Schedule of Combined Statement of Activities, Continued**  
**For the Year Ended May 31, 2015**

	Junior League of Denver		Junior League of Denver Foundation		Combined Total	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>Expenses:</b>						
Program services:						
Program appropriations	\$ 49,179	-	-	-	49,179	-
Community assistance funds	36,218	-	-	-	36,218	-
Committee functions	36,267	-	-	-	36,267	-
Training and education	25,247	-	-	-	25,247	-
Allocated common costs	116,303	-	-	-	116,303	-
Total program services	263,214	-	-	-	263,214	-
Gifts and grants to affiliate	-	-	297,540	-	-	-
Supporting activities:						
General and administrative	185,461	-	8,844	-	194,305	-
Committee functions	37,069	-	-	-	37,069	-
Membership management	32,804	-	-	-	32,804	-
Cookbooks	844	-	-	-	844	-
Second Time Shop	176,313	-	-	-	176,313	-
Allocated common costs	52,608	-	-	-	52,608	-
Fundraising:						
General fundraising expenses	23,050	-	9,279	-	32,329	-
Allocated common costs	52,608	-	-	-	52,608	-
Total supporting activities	560,757	-	18,123	-	578,880	-
Total expenses	\$ 823,971	-	315,663	-	842,094	-

**(Continued)**

**The Junior League of Denver, Incorporated**  
**Supplemental Schedule of Combined Statement of Activities, Concluded**  
**For the Year Ended May 31, 2015**

	Junior League of Denver		Junior League of Denver Foundation		Combined Total	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>Change in net assets</b>	\$ 81,018	8,232	133,001	—	214,019	8,232
Net assets at beginning of year	1,747,551	—	7,402,352	—	9,149,903	—
<b>Net assets at end of year</b>	\$ 1,828,569	8,232	7,535,353	—	9,363,922	8,232