

JUNIOR LEAGUE OF SAN DIEGO, INC.

FINANCIAL STATEMENTS

JUNE 30, 2015



Leaf & Cole, LLP
Certified Public Accountants

**JUNIOR LEAGUE OF SAN DIEGO, INC.
FINANCIAL STATEMENTS
JUNE 30, 2015**

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant's Review Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 17



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Accountant's Review Report

To the Board of Directors
Junior League of San Diego, Inc.
210 Maple Street
San Diego, California 92103

We have reviewed the accompanying financial statements of Junior League of San Diego, Inc. (a Nonprofit Organization), which comprise the statement of financial position as of June 30, 2015, the related statements of activities, 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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.

Accountant's 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.

To the Board of Directors
Junior League of San Diego, Inc.

Page 2

Summarized Comparative Information

We previously reviewed Junior League of San Diego, Inc.'s 2014 financial statements and in our conclusion dated February 19, 2015, stated that based on our review, we were not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2014, for it to be consistent with the reviewed financial statements from which is has been derived.

Leaf & Cole LLP

San Diego, California
April 20, 2016

JUNIOR LEAGUE OF SAN DIEGO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

ASSETS

	<u>2015</u>	<u>2014</u>
<u>Assets:</u> (Notes 1, 2, 3 and 4)		
Cash and cash equivalents	\$ 548,665	\$ 421,301
Investments	609,378	597,674
Inventory	9,664	17,969
Prepaid expenses	6,624	6,810
Property and equipment, net	<u>212,693</u>	<u>217,252</u>
TOTAL ASSETS	<u><u>\$ 1,387,024</u></u>	<u><u>\$ 1,261,006</u></u>

LIABILITIES AND NET ASSETS

<u>Liabilities:</u> (Note 1)		
Accounts payable and accrued expenses	\$ 10,477	\$ 3,488
Deferred revenue	<u>128,995</u>	<u>129,795</u>
Total Liabilities	<u><u>139,472</u></u>	<u><u>133,283</u></u>
<u>Commitment</u> (Note 7)		
<u>Net Assets:</u> (Notes 1, 5 and 6)		
Unrestricted	887,411	759,035
Temporarily restricted	2,466	11,013
Permanently restricted	<u>357,675</u>	<u>357,675</u>
Total Net Assets	<u><u>1,247,552</u></u>	<u><u>1,127,723</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,387,024</u></u>	<u><u>\$ 1,261,006</u></u>

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

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	2015				2014 <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
<u>Support and Revenue:</u>					
Special events:					
Food and Wine Festival	\$ 204,585	\$ -	\$ -	\$ 204,585	\$ 161,485
Jingle Bells Bachelor Bash	22,645	-	-	22,645	17,590
A La Carte events	10,751	-	-	10,751	36,421
Dues revenue	158,286	-	-	158,286	144,380
Member development events	64,695	-	-	64,695	59,255
Donations	23,843	18,000	-	41,843	42,460
Investment income	7,116	8,634	-	15,750	66,517
Cookbook sales	9,202	-	-	9,202	12,336
Net assets released from restrictions	35,181	(35,181)	-	-	-
Total Support and Revenue	536,304	(8,547)	-	527,757	540,444
<u>Expenses:</u>					
Program Services	261,710	-	-	261,710	247,022
Supporting Services:					
Fundraising	58,844	-	-	58,844	95,223
Management and general	37,298	-	-	37,298	23,384
Total Supporting Services	96,142	-	-	96,142	118,607
Total Program and Supporting Services Expenses	357,852	-	-	357,852	365,629
Special Events:					
Food and Wine Festival	47,688	-	-	47,688	44,793
A La Carte events	1,542	-	-	1,542	15,647
Jingle Bells Bachelor Bash	846	-	-	846	507
Total Special Events	50,076	-	-	50,076	60,947
Total Expenses	407,928	-	-	407,928	426,576
Change in Net Assets	128,376	(8,547)	-	119,829	113,868
Net Assets at Beginning of Year	759,035	11,013	357,675	1,127,723	1,013,855
NET ASSETS AT END OF YEAR	\$ 887,411	\$ 2,466	\$ 357,675	\$ 1,247,552	\$ 1,127,723

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

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	Supporting Services				2015 Total	2014 Total
	Program Services	Management and General	Fundraising	Total Supporting Services		
<u>Salaries and Related Expenses:</u>						
Staff salaries	\$ 11,083	\$ 5,542	\$ 5,541	\$ 11,083	\$ 22,166	\$ 72,958
Payroll taxes and employee related expenses	1,559	779	779	1,558	3,117	7,256
Total Salaries and Related Expenses	12,642	6,321	6,320	12,641	25,283	80,214
<u>Nonsalary Related Expenses:</u>						
Community council	87,784	-	-	-	87,784	72,280
Dues and subscriptions	43,255	-	-	-	43,255	36,647
Training	24,493	-	951	951	25,444	26,202
Bank service charges	3,779	-	21,417	21,417	25,196	24,222
Repairs and maintenance	13,780	3,356	8,052	11,408	25,188	19,041
Office expense	10,641	2,590	6,217	8,807	19,448	18,481
Professional fees	4,185	14,932	-	14,932	19,117	17,012
Membership council	17,839	-	-	-	17,839	9,824
Conference & seminars	14,167	-	-	-	14,167	12,573
Officer training	12,106	-	-	-	12,106	16,567
Cookbooks	-	-	9,752	9,752	9,752	1,416
Advertising	7,065	-	2,176	2,176	9,241	5,310
Insurance	-	8,232	-	8,232	8,232	8,548
Utilities	4,279	1,042	2,501	3,543	7,822	7,893
Depreciation	2,494	607	1,458	2,065	4,559	5,929
Sustainer events	3,201	-	-	-	3,201	2,563
Taxes and permits	-	218	-	218	218	907
Total Nonsalary Related Expenses	249,068	30,977	52,524	83,501	332,569	285,415
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	\$ 261,710	\$ 37,298	\$ 58,844	\$ 96,142	\$ 357,852	\$ 365,629

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

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	<u>2015</u>	<u>2014</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 119,829	\$ 113,868
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,559	5,929
Net realized and unrealized losses (gains) on investments	12,474	(49,154)
(Increase) Decrease in:		
Inventory	8,305	981
Prepaid expenses	186	(1,960)
Increase (Decrease) in:		
Accounts payable and accrued expenses	6,989	(1,753)
Deferred revenue	(800)	8,372
Net Cash Provided by Operating Activities	<u>151,542</u>	<u>76,283</u>
<u>Cash Flows From Investing Activities:</u>		
(Purchase) sale of investments, net	<u>(24,178)</u>	<u>485</u>
Net Cash (Used in) Provided by Investing Activities	<u>(24,178)</u>	<u>485</u>
Net Increase in Cash and Cash Equivalents	127,364	76,768
Cash and Cash Equivalents at Beginning of Year	<u>421,301</u>	<u>344,533</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 548,665</u></u>	<u><u>\$ 421,301</u></u>

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

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 1 - Organization and Significant Accounting Policies:

Organization

Junior League of San Diego, Inc. (“JLSD”) is a California nonprofit corporation founded in 1929. JLSD is an organization of women committed to promoting voluntarism, developing the potential of women and improving communities through the effective action and leadership of trained volunteers. Its purpose is exclusively educational and charitable.

JLSD reaches out to women of all races, religions and national origins who demonstrate an interest in and commitment to voluntarism. JLSD’S community programs support San Diego’s transitional-age foster youth as they make the critical move into independent adult life.

The following is a brief description of the organization’s programs:

Grants and Scholarships

The JLSD College Textbooks Scholarship is a scholarship program designed to assist transition age foster youth with the rising costs of college textbooks at 2-year, 4-year, trade and vocational schools in San Diego County. Applicants submit academic information, answer essay questions and provide references to be considered. JLSD looks for applicants that show promise through academic improvement. Scholarship recipients receive a textbook credit funded directly to their school ensuring that all funds are used specifically for textbooks and school supplies. JLSD intends to encourage these students to push themselves to improve their academic performance and overcome their perceived barriers.

Transition Age Foster Youth Mentorship Program

JLSD matches highly committed members with transition age foster youth on a 1:1 ratio. Group events are also held with all mentor/mentee teams and individual connections and relationships are formed between mentors and mentees to assist transition age foster youth with their transition to independent adult life.

Tools for Success

JLSD facilitates monthly events focusing on skills with transitional foster youth in collaboration with various community partners. These monthly events focus on a variety of topics including healthy eating, budgeting, and self-esteem building. Many former foster youth have young children themselves, so an emphasis is also placed on time management for these busy parents. Events continue to focus on the life skills that meet the real needs of the youth. These “real needs” will be tailored by feedback provided from the youth and observations made by JLSD Tools for Success Committee. The events are intended to be engaging, inclusive and fun. The program serves several purposes simultaneously: connects JLSD membership with transition age foster youth, provides the youth with much-needed support, and provides JLSD with valuable action-based research to use as it continues to develop programs supporting this vulnerable population.

See independent accountant’s review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Organization (Continued)

Impact

JLSD provides a variety of services to the San Diego community through short, intensive projects that are completed in a single day. This includes projects such as serving meals to families in need due to a medical crisis, providing sack lunches for the homeless and working with San Diego area food banks, visiting the sick and elderly during the holidays, working with transition age foster youth, at schools and playgrounds, working with transition military families at large work projects and assisting other local non-profit organizations.

Advocacy

JLSD is committed to serving the needs of women and youth in the San Diego community through effective legislative and community advocacy efforts. JLSD takes action on state issues that affect our projects and mission while focusing on the communities we directly serve. Relating to such issues, we educate our members and the San Diego community while fostering collaboration and communication with community partners. JLSD represents its members in the state public policy arena, with emphasis on efforts to 1) assist legislative and other government or private bodies in the development of laws and policies affecting transition age foster youth; 2) promote accessibility to affordable stable housing for San Diego's transition age foster youth; 3) support public policy that protects victims of human trafficking; and 4) collaborate and support community partners that work to provide services to victims of human trafficking and transition age foster youth.

Leadership Training

JLSD is dedicated to providing leadership training both through practical application by participation in running the organization and with formal training programs that include organizational development, business management, diversity, project and program management, budgeting and planning, and volunteer management.

Solutions Summit

JLSD puts on an annual two-day working conference with the purpose of solving large-scale issues that are currently facing San Diego's transition-age foster youth (TAY). The multi-day Summit jump-starts improvements in the selected topic area(s) and effect positive change in the lives of San Diego's TAY. JLSD's large network of TAY focused community partners actively participate in the Summit and create solutions roadmaps. After the event is completed, JLSD monitors the implementation of the roadmaps through an Outcomes Committee.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies

Method of Accounting

The financial statements of JLSD have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The FASB has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

Estimates

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 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.

Risks and Uncertainties

JLSD invests in various types of investment securities which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of the risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the new term and such changes could materially affect the accounts reported in the statement of financial position.

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

JLSD's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Investments in certificates of deposit are considered Level 2 assets and are reported at fair value based on quoted prices in active markets for similar assets at the measurement date.

Inventory

Inventory is valued at the lower of cost or market, determined on the first-in, first-out basis. Inventory consist of cookbooks for sale.

Capitalization and Depreciation

JLSD capitalizes all expenditures in excess of \$500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, JLSD reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. JLSD reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings and improvements	7 - 30 years
Furniture and equipment	3 - 7 years

Depreciation totaled \$4,559 and \$5,929 for the years ended June 30, 2015 and 2014, respectively.

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capitalization and Depreciation (Continued)

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Impairment of Real Estate

JLSD reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2015 or 2014.

Revenue Recognition

Membership Dues

Dues are recorded as earned each year. Dues received in advance for the ensuing year are deferred until earned and included in liabilities in the statement of financial position. Deferred revenue totaled \$128,995 and \$129,795 at June 30, 2015 and 2014, respectively.

Contributions

Contributions are recognized when the donor makes a promise to give to JLSD that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

JLSD utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2015 and 2014, did not meet the requirements above; therefore no amounts were recognized in the financial statements.

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by JLSD's management.

Income Taxes

JLSD is a public charity and is exempt from income taxes under 501(c)(3) of the Internal Revenue Code Section and Section 23701(d) of the California Revenue and Taxation Code. JLSD believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. JLSD is not a private foundation.

JLSD's Return of Organization Exempt from Income Tax for the years ended June 30, 2015, 2014, 2013 and 2012 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three or four years after the returns were filed.

Concentration of Credit Risk

JLSD maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. JLSD has not experienced any losses in such accounts. JLSD believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statement of cash flows, JLSD considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Comparative Totals for June 30, 2014

The financial statements include certain prior year summarized comparative information in total but not by net asset class. This summarized information is for comparative purposes only, and accordingly, such information should be read in conjunction with JLSD's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Subsequent Events

JLSD has evaluated subsequent events through April 20, 2016 which is the date the financial statements were available for issuance and concluded that there were no events or transactions that needed to be disclosed.

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 2 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2015			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2015
Mutual funds and exchange traded funds:				
Growth	\$ 179,114	\$ -	\$ -	\$ 179,114
Value	230,107	-	-	230,107
Fixed income	46,904	-	-	46,904
Certificates of deposit	-	153,253	-	153,253
Total	\$ 456,125	\$ 153,253	\$ -	\$ 609,378

	2014			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2014
Mutual funds:				
Growth	\$ 165,370	\$ -	\$ -	\$ 165,370
Value	166,665	-	-	166,665
Fund income	112,400	-	-	112,400
Certificates of deposit	-	153,239	-	153,239
Total	\$ 444,435	\$ 153,239	\$ -	\$ 597,674

Note 3 - Investments:

Investments consist of the following at June 30:

	2015	2014
Mutual funds	\$ 456,125	\$ 444,435
Certificates of deposit	153,253	153,239
Total	\$ 609,378	\$ 597,674

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 3 - Investments: (Continued)

Investment income is summarized as follows for the years ended June 30:

	<u>2015</u>			<u>2014</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
Interest income	\$ 182	\$ -	\$ 182	\$ 187
Dividends earned	9,429	18,613	28,042	17,176
Net realized and unrealized losses	(2,495)	(9,979)	(12,474)	49,154
Total Investment Income	<u>\$ 7,116</u>	<u>\$ 8,634</u>	<u>\$ 15,750</u>	<u>\$ 66,517</u>

Note 4 - Property and Equipment:

Property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 171,827	\$ 171,827
Buildings and improvements	383,940	383,940
Furniture and equipment	180,064	180,064
Subtotal	<u>735,831</u>	<u>735,831</u>
Less: Accumulated depreciation	(523,138)	(518,579)
Property and Equipment, Net	<u>\$ 212,693</u>	<u>\$ 217,252</u>

Note 5 - Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Furnishings fund	\$ 2,466	\$ 2,466
Unappropriated endowment earnings	-	8,372
Time restricted donations	-	175
	<u>\$ 2,466</u>	<u>\$ 11,013</u>

Net assets totaling \$35,181 were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the year ended June 30, 2015.

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 6 - Endowment Net Assets:

JLSD's endowment consists of a donor-restricted fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. JLSD holds and manages its single endowment fund.

In regards to the funds held and managed by JLSD, the Board of Directors has interpreted the enacted version of the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JLSD classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JLSD in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, JLSD considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of JLSD and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of JLSD
- The investment policies of JLSD

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires JLSD to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2015 and 2014.

The corpus of the endowment fund shall be invested by the Board of Directors in accordance with the bylaws of JLSD, finance policies of JLSD and procedures stated herein. The corpus shall be managed by the Oversight Committee in accordance with the standards of prudence and fiduciary responsibility to preserve the Endowment Fund's capital value and in compliance with the purpose of JLSD, its Articles of Incorporation and Bylaws. The corpus of the endowment fund shall be invested in the manner deemed advisable by the Board of Directors with the assistance of the Trust Department of a Board-approved bank, or other Board approved financial advisors.

Investment return from the endowment is to be used to support existing JLSD projects and support and further enable extension and expansion of JLSD projects and support for community benefit. Projects and support shall include, but not be limited to, the expenses incurred by JLSD in connection with its projects, social conferences, seminars, educational programs, and all similar activities directly or indirectly related to JLSD's charitable and educational purposes consistent with JLSD's purpose, as stated herein. 100% of the investment return shall be available to be used for JLSD programs and support during the following fiscal year.

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 6 - Endowment Net Assets: (Continued)

Endowment composition by type of fund at June 30:

	2015	
	<u>Permanently Restricted</u>	<u>Total</u>
Held by JLSD	\$ 357,675	\$ 357,675
	2014	
	<u>Permanently Restricted</u>	<u>Total</u>
Held by JLSD	\$ 357,675	\$ 357,675

Changes in endowment net assets for the year ended June 30:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at June 30, 2013	\$ 9,706	\$ 357,675	\$ 367,381
Investment Return:			
Investment income	11,393	-	11,393
Net realized and unrealized gains	43,803	-	43,803
Total Investment Return	55,196	-	55,196
Appropriation of endowment assets for expenditure	(56,530)	-	(56,530)
Endowment Net Assets at June 30, 2014	8,372	357,675	366,047
Investment Return:			
Investment income	18,613	-	18,613
Net realized and unrealized losses	(9,979)	-	(9,979)
Total Investment Return	8,634	-	8,634
Appropriation of endowment assets for expenditure	(17,006)	-	(17,006)
Endowment Net Assets at June 30, 2015	\$ -	\$ 357,675	\$ 357,675

See independent accountant's review report.

JUNIOR LEAGUE OF SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

Note 7 - Operating Leases:

JLSD leases office equipment which expires in December 2015. Rent and associated expenses for this operating lease totaled \$7,449 and \$10,191 for the years ended June 30, 2015 and 2014, respectively, and is included in office expense.

The following is a schedule of future minimum payments under the lease:

<u>Years Ended</u> <u>June 30</u>	
2016	\$ <u>2,808</u>

See independent accountant's review report.