



# **The Junior League of Austin, Inc.**

**Financial Statements  
as of and for the Years Ended  
May 31, 2025 and 2024 and  
Independent Auditors' Report**

**MAXWELL LOCKE & RITTER LLP** | Accounting & Advisory

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## **Independent Auditors' Report**

To the Board of Directors of  
The Junior League of Austin, Inc.:

### **Opinion**

We have audited the accompanying financial statements of Junior League of Austin, Inc. (a nonprofit organization) (the "League"), which comprise the statements of financial position as of May 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the League as of May 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the League and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 League's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Maxwell Locke & Ritter LLP*

Austin, Texas  
August 8, 2025

# The Junior League of Austin, Inc.

## Statements of Financial Position May 31, 2025 and 2024

|   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 2,436,329         | \$ 2,166,872         |
| Current portion of contributions receivable   | 40,960               | 39,186               |
| Prepaid expenses and other current assets   | 49,646               | 165,090              |
| Total current assets  | 2,526,935            | 2,371,148            |
| Contributions receivable, net   | 28,542               | 24,795               |
| Marketable investments  | 4,201,416            | 3,832,816            |
| Property and equipment, net   | 20,163,445           | 20,720,598           |
| Beneficial interest in assets held by others  | 1,489,231            | 1,375,292            |
| Total   | <u>\$ 28,409,569</u> | <u>\$ 28,324,649</u> |
| <b>Liabilities and Net Assets</b>   |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable and accrued expenses   | \$ 57,920            | \$ 29,527            |
| Deferred revenue  | 850,125              | 846,209              |
| Current portion of long-term debt   | 393,056              | 393,056              |
| Total current liabilities   | 1,301,101            | 1,268,792            |
| Long-term debt  | 7,959,387            | 8,352,444            |
| Total liabilities   | 9,260,488            | 9,621,236            |
| Net assets:   |                      |                      |
| Without donor restrictions, undesignated  | 12,803,586           | 12,892,370           |
| Without donor restrictions, Board-designated investments                            | 4,201,416            | 3,832,816            |
| Without donor restrictions, Board-designated Endowment Fund                         | 1,489,231            | 1,375,292            |
| Without donor restrictions, Board-designated for<br>community projects and programs | 534,706              | 538,954              |
| With donor restrictions   | 120,142              | 63,981               |
| Total net assets  | 19,149,081           | 18,703,413           |
| Total   | <u>\$ 28,409,569</u> | <u>\$ 28,324,649</u> |

See notes to financial statements.

# The Junior League of Austin, Inc.

## Statement of Activities

Year Ended May 31, 2025

(with summarized comparative totals for the year ended May 31, 2024)

|  | 2025                          |                            |            | 2024       |
|--|-------------------------------|----------------------------|------------|------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      | Total      |
| Revenues:  |                               |                            |            |            |
| A Christmas Affair ticket sales, merchant booth revenue, and merchandise sales | \$ 1,701,777                  | -                          | 1,701,777  | 1,597,099  |
| Donated goods and services   | 686,063                       | -                          | 686,063    | 757,020    |
| Investment income, net   | 390,455                       | -                          | 390,455    | 588,017    |
| Rental income  | 379,194                       | -                          | 379,194    | 358,800    |
| Member dues  | 368,874                       | -                          | 368,874    | 353,049    |
| Contributions  | 245,004                       | 100,206                    | 345,210    | 221,176    |
| Coats for Kids   | 142,193                       | 2,390                      | 144,583    | 163,588    |
| A Christmas Affair contributions   | 139,478                       | 48,250                     | 187,728    | 175,642    |
| Food in Tummies  | 138,980                       | -                          | 138,980    | 151,573    |
| Change in beneficial interest in assets held by others                         | 128,436                       | -                          | 128,436    | 190,283    |
| Events   | 101,673                       | -                          | 101,673    | 111,035    |
| Other income   | 37,129                        | -                          | 37,129     | 39,183     |
| Net assets released from restrictions  | 94,685                        | (94,685)                   | -          | -          |
| Total revenues and net assets released from restrictions                       | 4,553,941                     | 56,161                     | 4,610,102  | 4,706,465  |
| Expenses:  |                               |                            |            |            |
| Program services:  |                               |                            |            |            |
| A Christmas Affair   | 838,967                       | -                          | 838,967    | 926,456    |
| Membership   | 790,568                       | -                          | 790,568    | 721,476    |
| Coats for Kids   | 683,053                       | -                          | 683,053    | 553,509    |
| Community projects and programs  | 609,404                       | -                          | 609,404    | 625,996    |
| Austin Entertains  | 349,478                       | -                          | 349,478    | 314,714    |
| Food in Tummies  | 309,406                       | -                          | 309,406    | 265,868    |
| Total program services   | 3,580,876                     | -                          | 3,580,876  | 3,408,019  |
| Supporting services-   |                               |                            |            |            |
| General and administrative   | 583,558                       | -                          | 583,558    | 591,717    |
| Total expenses   | 4,164,434                     | -                          | 4,164,434  | 3,999,736  |
| Change in net assets   | 389,507                       | 56,161                     | 445,668    | 706,729    |
| Net assets, beginning of year  | 18,639,432                    | 63,981                     | 18,703,413 | 17,996,684 |
| Net assets, end of year  | \$ 19,028,939                 | 120,142                    | 19,149,081 | 18,703,413 |

See notes to financial statements.

# The Junior League of Austin, Inc.

## Statement of Activities Year Ended May 31, 2024

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      |
|--|-------------------------------|----------------------------|------------|
| Revenues:  |                               |                            |            |
| A Christmas Affair ticket sales, merchant booth revenue, and merchandise sales | \$ 1,597,099                  | -                          | 1,597,099  |
| Donated goods and services   | 757,020                       | -                          | 757,020    |
| Investment income, net   | 588,017                       | -                          | 588,017    |
| Rental income  | 358,800                       | -                          | 358,800    |
| Member dues  | 353,049                       | -                          | 353,049    |
| Contributions  | 184,030                       | 37,146                     | 221,176    |
| Coats for Kids   | 163,588                       | -                          | 163,588    |
| A Christmas Affair contributions   | 175,642                       | -                          | 175,642    |
| Food in Tummies  | 151,573                       | -                          | 151,573    |
| Change in beneficial interest in assets held by others                         | 190,283                       | -                          | 190,283    |
| Events   | 111,035                       | -                          | 111,035    |
| Other income   | 39,183                        | -                          | 39,183     |
| Net assets released from restrictions  | 291,959                       | (291,959)                  | -          |
| Total revenues and net assets released from restrictions                       | 4,961,278                     | (254,813)                  | 4,706,465  |
| Expenses:  |                               |                            |            |
| Program services:  |                               |                            |            |
| A Christmas Affair   | 926,456                       | -                          | 926,456    |
| Membership   | 721,476                       | -                          | 721,476    |
| Coats for Kids   | 553,509                       | -                          | 553,509    |
| Community projects and programs  | 625,996                       | -                          | 625,996    |
| Austin Entertains  | 314,714                       | -                          | 314,714    |
| Food in Tummies  | 265,868                       | -                          | 265,868    |
| Total program services   | 3,408,019                     | -                          | 3,408,019  |
| Supporting services-   |                               |                            |            |
| General and administrative   | 591,717                       | -                          | 591,717    |
| Total expenses   | 3,999,736                     | -                          | 3,999,736  |
| Change in net assets   | 961,542                       | (254,813)                  | 706,729    |
| Net assets, beginning of year  | 17,677,890                    | 318,794                    | 17,996,684 |
| Net assets, end of year  | \$ 18,639,432                 | 63,981                     | 18,703,413 |

See notes to financial statements.

## The Junior League of Austin, Inc.

### Statement of Functional Expenses

Year Ended May 31, 2025

(with summarized comparative totals for the year ended May 31, 2024)

|                              | 2025                  |            |                   |                                       |                      |                    |                              |                               |           |               |
|------------------------------|-----------------------|------------|-------------------|---------------------------------------|----------------------|--------------------|------------------------------|-------------------------------|-----------|---------------|
|                              | Program Services      |            |                   |                                       |                      |                    |                              | Supporting Services           |           |               |
|                              | A Christmas<br>Affair | Membership | Coats for<br>Kids | Community<br>Projects and<br>Programs | Austin<br>Entertains | Food in<br>Tummies | Total<br>Program<br>Services | General and<br>Administrative | Total     | 2024<br>Total |
| Events                       | \$ 572,777            | 8,933      | -                 | 29,290                                | 40,392               | 5,000              | 656,392                      | -                             | 656,392   | 690,073       |
| In-kind                      | 61,072                | 10,999     | 367,530           | -                                     | 159,165              | -                  | 598,766                      | -                             | 598,766   | 611,458       |
| Depreciation                 | 43,019                | 172,075    | 43,019            | 129,056                               | 43,019               | 43,019             | 473,207                      | 118,301                       | 591,508   | 584,923       |
| Management service fees      | 32,113                | 128,453    | 32,113            | 96,340                                | 32,113               | 32,113             | 353,245                      | 88,311                        | 441,556   | 356,823       |
| Materials                    | -                     | -          | 174,569           | 55,888                                | -                    | 170,105            | 400,562                      | -                             | 400,562   | 445,494       |
| Facilities                   | 30,890                | 110,844    | 31,587            | 82,280                                | 28,564               | 28,564             | 312,729                      | 76,845                        | 389,574   | 298,690       |
| Interest                     | 24,513                | 98,051     | 24,513            | 73,538                                | 24,513               | 24,513             | 269,641                      | 67,410                        | 337,051   | 353,902       |
| Salaries                     | -                     | 5,360      | -                 | 124,000                               | -                    | -                  | 129,360                      | -                             | 129,360   | 63,912        |
| Association of Junior League |                       |            |                   |                                       |                      |                    |                              |                               |           |               |
| International dues           | -                     | 92,665     | -                 | -                                     | -                    | -                  | 93,422                       | -                             | 93,422    | 91,977        |
| Office                       | 757                   | 6,504      | 757               | 2,272                                 | 757                  | 757                | 16,382                       | 69,182                        | 85,564    | 78,386        |
| Insurance                    | -                     | -          | -                 | -                                     | -                    | -                  | 3,120                        | 80,581                        | 83,701    | 74,187        |
| Technology                   | 5,335                 | 21,341     | 5,335             | 16,006                                | 5,335                | 5,335              | 53,352                       | 14,672                        | 68,024    | 75,559        |
| Advertising and promotion    | 38,466                | 11,371     | 3,630             | -                                     | 3,120                | -                  | 53,467                       | -                             | 53,467    | 66,519        |
| Merchandise and supplies     | 30,025                | -          | -                 | -                                     | -                    | -                  | 42,525                       | -                             | 42,525    | 15,173        |
| Conferences and training     | -                     | 39,552     | -                 | 1,236                                 | -                    | -                  | 40,788                       | 317                           | 41,105    | 48,671        |
| Meetings                     | -                     | 39,609     | -                 | -                                     | -                    | -                  | 39,609                       | -                             | 39,609    | 39,802        |
| Professional and consulting  | -                     | -          | -                 | -                                     | -                    | -                  | -                            | 29,500                        | 29,500    | 38,000        |
| Scholarships and aid         | -                     | -          | -                 | -                                     | 12,500               | -                  | -                            | -                             | -         | 12,500        |
| Bad debt                     | -                     | 19,032     | -                 | -                                     | -                    | -                  | 19,032                       | -                             | 19,032    | -             |
| Other                        | -                     | 25,779     | -                 | (502)                                 | -                    | -                  | 25,277                       | 38,439                        | 63,716    | 53,687        |
| Total expenses               | \$ 838,967            | 790,568    | 683,053           | 609,404                               | 349,478              | 309,406            | 3,580,876                    | 583,558                       | 4,164,434 | 3,999,736     |

See notes to financial statements.

## The Junior League of Austin, Inc.

### Statement of Functional Expenses Year Ended May 31, 2024

|                              | Program Services      |                |                                       |                   |                      |                    |                              | Supporting<br>Services        |                  |
|------------------------------|-----------------------|----------------|---------------------------------------|-------------------|----------------------|--------------------|------------------------------|-------------------------------|------------------|
|                              | A Christmas<br>Affair | Membership     | Community<br>Projects and<br>Programs | Coats for<br>Kids | Austin<br>Entertains | Food in<br>Tummies | Total<br>Program<br>Services | General and<br>Administrative | Total            |
| Events                       | \$ 622,028            | 6,727          | 28,411                                | -                 | 32,907               | -                  | 690,073                      | -                             | 690,073          |
| In-kind                      | 136,611               | -              | 487                                   | 274,856           | 142,310              | 7,600              | 561,864                      | 49,594                        | 611,458          |
| Depreciation                 | 42,540                | 170,159        | 127,620                               | 42,540            | 42,540               | 42,540             | 467,939                      | 116,984                       | 584,923          |
| Management service fees      | 25,951                | 103,803        | 77,852                                | 25,951            | 25,951               | 25,951             | 285,459                      | 71,364                        | 356,823          |
| Materials                    | -                     | -              | 163,848                               | 145,811           | -                    | 135,835            | 445,494                      | -                             | 445,494          |
| Facilities                   | 22,033                | 85,087         | 63,055                                | 25,380            | 22,033               | 22,033             | 239,621                      | 59,069                        | 298,690          |
| Interest                     | 25,738                | 102,954        | 77,215                                | 25,738            | 25,738               | 25,738             | 283,121                      | 70,781                        | 353,902          |
| Salaries                     | -                     | -              | 63,912                                | -                 | -                    | -                  | 63,912                       | -                             | 63,912           |
| Association of Junior League |                       |                |                                       |                   |                      |                    |                              |                               |                  |
| International dues           | -                     | 91,977         | -                                     | -                 | -                    | -                  | 91,977                       | -                             | 91,977           |
| Office                       | 676                   | 8,343          | 2,028                                 | 676               | 676                  | 676                | 13,075                       | 65,311                        | 78,386           |
| Insurance                    | -                     | -              | -                                     | -                 | -                    | -                  | -                            | 74,187                        | 74,187           |
| Technology                   | 5,495                 | 21,981         | 16,486                                | 5,495             | 5,495                | 5,495              | 60,447                       | 15,112                        | 75,559           |
| Advertising and promotion    | 30,211                | 19,947         | 3,564                                 | 7,062             | 4,564                | -                  | 65,348                       | 1,171                         | 66,519           |
| Merchandise and supplies     | 15,173                | -              | -                                     | -                 | -                    | -                  | 15,173                       | -                             | 15,173           |
| Conferences and training     | -                     | 47,621         | 1,050                                 | -                 | -                    | -                  | 48,671                       | -                             | 48,671           |
| Meetings                     | -                     | 39,802         | -                                     | -                 | -                    | -                  | 39,802                       | -                             | 39,802           |
| Professional and consulting  | -                     | -              | -                                     | -                 | -                    | -                  | -                            | 38,000                        | 38,000           |
| Scholarships and aid         | -                     | -              | -                                     | -                 | 12,500               | -                  | 12,500                       | -                             | 12,500           |
| Other                        | -                     | 23,075         | 468                                   | -                 | -                    | -                  | 23,543                       | 30,144                        | 53,687           |
| Total expenses               | <u>\$ 926,456</u>     | <u>721,476</u> | <u>625,996</u>                        | <u>553,509</u>    | <u>314,714</u>       | <u>265,868</u>     | <u>3,408,019</u>             | <u>591,717</u>                | <u>3,999,736</u> |

See notes to financial statements.



# The Junior League of Austin, Inc.

## Statements of Cash Flows

Years Ended May 31, 2025 and 2024

|   | 2025         | 2024         |
|---|--------------|--------------|
| <b>Cash Flows From Operating Activities:</b>  |              |              |
| Change in net assets  | \$ 445,668   | \$ 706,729   |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |              |              |
| Change in allowance for uncollectible receivables   | (23,408)     | -            |
| Change in discount to net present value   | -            | (16,582)     |
| Realized and unrealized gains on marketable investments                                     | (294,294)    | (512,957)    |
| Depreciation  | 591,508      | 584,923      |
| Change in value of beneficial interest in assets held by others                             | (113,939)    | (177,249)    |
| Contributions restricted for property and equipment acquisitions                            | (75,446)     | (291,959)    |
| Changes in assets and liabilities that provided (used) cash:                                |              |              |
| Contributions receivable  | 17,887       | 271,395      |
| Prepaid expenses and other current assets   | 115,444      | (78,482)     |
| Accounts payable and accrued expenses   | 28,393       | (45,316)     |
| Deferred revenue  | 3,916        | (90,754)     |
| Net cash provided by operating activities   | 695,729      | 349,748      |
| <b>Cash Flows From Investing Activities:</b>  |              |              |
| Purchases of marketable investments   | (74,306)     | (58,166)     |
| Purchases of property and equipment   | (34,355)     | (19,787)     |
| Net cash used in investing activities   | (108,661)    | (77,953)     |
| <b>Cash Flows From Financing Activities:</b>  |              |              |
| Payments on long-term debt  | (393,057)    | (393,056)    |
| Contributions restricted for property and equipment acquisitions                            | 75,446       | 291,959      |
| Net cash used in financing activities   | (317,611)    | (101,097)    |
| Net change in cash and cash equivalents   | 269,457      | 170,698      |
| Cash and cash equivalents, beginning of year  | 2,166,872    | 1,996,174    |
| Cash and cash equivalents, end of year  | \$ 2,436,329 | \$ 2,166,872 |
| <b>Supplemental Cash Disclosure-</b>  |              |              |
| Cash paid for interest  | \$ 337,857   | \$ 354,315   |

See notes to financial statements.

# The Junior League of Austin, Inc.

## Notes to Financial Statements Years Ended May 31, 2025 and 2024

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### 1. Organization

The Junior League of Austin, Inc. (the “League”) is a nonprofit organization headquartered in Austin, Texas, and a member of the Association of Junior Leagues International, Inc. The League’s purpose, which is exclusively educational and charitable, is to promote volunteerism, develop the potential of its members for voluntary participation in community affairs, and demonstrate the effectiveness of trained volunteers. In addition to providing volunteers and support services, the League makes financial contributions to community programs.

The League raises funds through various projects and invests those funds in undertakings which provide maximum education and training for members and develop or expand a significant service to the community. The League’s programs provide opportunities to train and educate members in the discipline of service. The training and education afforded by these programs enables League members to be effective and efficient community volunteers.

### 2. Summary of Significant Accounting Policies

**Basis of Presentation** - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board Accounting Standards Codification.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Net Asset Classifications** - Net assets, revenues, gains, losses, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use by the League or at the discretion of the Board of Directors (the “Board”) for the League’s use. The Board has designated the League’s marketable investment balance for long-term operational purposes. The Board has designated net assets for use in board approved community projects.

With Donor Restrictions - These net assets are subject to donor-imposed stipulations, which limit their use by the League to a specific purpose and/or the passage of time, or which require them to be maintained permanently. As of May 31, 2025 and 2024, all net assets with donor restrictions were temporarily restricted due to time or event restrictions. As of May 31, 2025 and 2024, the League had no net assets with permanent donor restrictions.

**Fair Value Measurements** - 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. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 - Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

**Cash and Cash Equivalents** - The League considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

**Contributions Receivable** - Contributions receivable are recorded at the amount the League expects to receive from donors. Contributions receivable include amounts pledged over a long-term period. The League records a discount to reflect the present value of long-term promises to give using approximate market rates applicable to the years in which the pledge is included in contribution revenue. The League performs ongoing reviews of contributions receivable for collectability and records an allowance for uncollectable amounts. As of May 31, 2024, the allowance for estimated uncollectible receivables totaled \$23,408. The League had no allowance for estimated uncollectible receivables as of May 31, 2025, as management deemed all outstanding balances to be collectible.

**Costs to Obtain or Fulfill Contracts** - As performance obligations in the League's contracts with customers and members are satisfied over a period of one year or less, the League applies the practical expedient to expense costs to obtain a contract as incurred. The League does not incur significant fulfillment costs requiring capitalization.

**Marketable Investments** - Marketable investments are reported at fair value in the statements of financial position. Investment transactions are recorded on the trade date and investment income is recorded in the statements of activities when earned. Investment income includes interest, dividends, and realized and unrealized gains and losses. Realized gains and losses are recorded as the difference between historical cost and the proceeds earned from the sale of an investment. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods. This activity is reported as investment income in the statements of activities and is recorded net of related investment expenses.

**Property and Equipment** - Purchases of property and equipment are capitalized at cost if purchased and at fair market value on the date of receipt if donated. The League capitalizes all acquisitions of property and equipment in excess of \$1,500. Repairs and maintenance costs are charged to expense as incurred. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets, which range from six to thirty-nine years. Land is not depreciated.

**Leases** - Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the statements of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Management assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the League's right to control the use of an identified asset for a period of time in exchange for consideration. A determination is made at inception as to whether the lease is an operating lease or a finance lease, and lease determinations are reassessed in the event of a change in lease terms. Right-of-use ("ROU") assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of future minimum lease payments over the expected lease term, with ROU assets increased for initial direct costs and prepaid lease payments and reduced by any lease incentives received from the lessor. There were no significant ROU assets or associated liabilities recorded on the League's statements of financial position as of May 31, 2025 and 2024, as the League was not obligated under any significant lease agreements.

**Impairment of Long-Lived Assets** - Long-lived assets are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset group exceeds fair value, if the carrying amount of the asset group is not recoverable.

**Beneficial Interest in Assets Held by Others** - In 2001, per designation of the Board, the League transferred funds from its investment portfolio to a donor advised fund held at Austin Community Foundation ("ACF") to establish the Junior League of Austin Endowment Fund (the "Endowment Fund") (Note 10). At the time of the transfer, the League did not grant variance power to ACF. The beneficial interest in assets held by others is valued using the market approach and inputs are considered level 2 under the fair value hierarchy.

**Revenue Recognition** - Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the League expects to be entitled in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the League satisfies a performance obligation, as further described below.

A Christmas Affair generates revenues from the sale of tickets to attendees and booths to shop merchants. This revenue is recognized in the period the event is held. Other events revenue is also recognized in the period when the event is held. Member dues revenue is recognized over the applicable period of membership, which typically corresponds with the League's fiscal year. Deferred revenue includes advance collections from merchants for booths at A Christmas Affair occurring in November of the following fiscal year, as well as advance collections of member dues for the subsequent membership year.

Rental revenues are generated from the rental of the League's Community Impact Center and are recognized ratably over the term of the rental agreement, which is typically one day. Rental payment terms generally require an up-front deposit, 50% payment due 60 days after an executed contract, and the remaining 50% payment due 60 days prior to the event date. Deferred revenue includes deposits collected for events occurring in the following fiscal year.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable and deferred revenue which totaled \$18,895 and \$936,963, respectively, as of May 31, 2023.

**Donated Goods and Services** - Donated goods and services are reflected in the statements of activities at their fair value on the date of receipt. Donated services are recognized if the services received (a) create or enhance non-financial assets and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers donated 128,920 and 123,080 hours for volunteer support activities, and 27,514 and 20,560 hours for community projects during the years ended May 31, 2025 and 2024, respectively. No amounts have been recognized in the statements of activities for these volunteer hours because they do not require specialized skills. Donated goods and services are discussed in Note 11.

**Contributions Revenue** - Contributions revenue, including amounts reported within revenue from A Christmas Affair, Coats for Kids, and Food in Tummies, is recognized when cash, securities, other assets, or unconditional promises to give are received. All contributions are recorded at their fair value and are considered to be available for operations unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related restricted net assets are reclassified to net assets without donor restrictions. This is reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give, defined as those with a measurable performance or other barrier and a right to return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Functional Allocation of Expenses** - The accompanying financial statements present expenses by functional and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the programs and supporting services using a variety of cost allocation techniques, such as time and effort.

**Advertising Costs** - Advertising costs are expensed as incurred.

**Federal Income Taxes** - The League is a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except as it relates to certain unrelated business income. The League did not incur any significant tax liabilities due to unrelated business income during the years ended May 31, 2025 and 2024. The League files Form 990 tax returns in the U.S. federal jurisdiction and is subject to routine examinations of its returns; however, there are no examinations currently in progress.

### 3. Concentration of Credit Risk

Financial instruments which potentially subject the League to concentrations of credit risk consist of cash and cash equivalents, marketable investments, and the beneficial interest in assets held by others. The League places its cash and cash equivalents with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits. Marketable investments and the beneficial interest in assets held by others are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position. Two donors accounted for 40% and one donor accounted for 20% of donated goods and services as of May 31, 2025 and 2024, respectively.

### 4. Liquidity and Availability of Financial Assets

The League's financial assets available to management for general expenditure within one year were as follows as of May 31:

|  | 2025                | 2024                |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 2,436,329        | \$ 2,166,872        |
| Current portion of contributions receivable                        | 40,960              | 39,186              |
| Total financial assets available within one year                   | 2,460,268           | 2,206,058           |
| Less: amounts unavailable for general expenditure within one year- |                     |                     |
| Board-designated for community projects and programs               | (534,706)           | (538,954)           |
| Total amount available for general expenditure within one year     | <u>\$ 1,925,562</u> | <u>\$ 1,667,104</u> |

The League manages its liquidity by investing operating funds, including grants, endowments, and donations, in traditional bank or brokerage accounts such as checking accounts, money market saving accounts, certificates of deposit, or money market instruments. The League's finance committee reviews financial statements monthly and works under the guidelines of the Board's operating fund. The League's management and finance committee manages the day-to-day operations of the League and should provide guidance for any unforeseen emergency or disruption to the normal revenue generation of the League's activities. The Board-designated investments totaling \$4,201,416 and \$3,832,816 as of May 31, 2025 and 2024, respectively, are not included in the amount available for general expenditure as these funds are held for designation by the Board. The Board-designated amounts for community projects and programs are expected to be expended in the following fiscal year.

## 5. Contributions Receivable

Contributions receivable include unconditional promises to give to the capital campaign. Contributions receivable were comprised of the following as of May 31:

|  | 2025             | 2024             |
|--|------------------|------------------|
| Amounts due in:                            |                  |                  |
| Less than one year                         | \$ 40,960        | \$ 39,186        |
| One to five years                          | 32,909           | 49,355           |
| More than five years                       | -                | 3,215            |
|  | <u>73,869</u>    | <u>91,756</u>    |
| Less allowance for estimated credit losses | -                | (23,408)         |
| Less discount to net present value         | <u>(4,367)</u>   | <u>(4,367)</u>   |
| Total contributions receivable             | <u>\$ 69,502</u> | <u>\$ 63,981</u> |

The present value of estimated future cash flows was calculated using a discount rate of 3.75% as of May 31, 2025 and 2024.

## 6. Marketable Investments

Marketable investments consisted of the following as of May 31:

|  | 2025                | 2024                |
|--|---------------------|---------------------|
| Exchange-traded funds                          | \$ 2,636,877        | \$ 2,739,485        |
| Fixed income funds                             | 947,638             | 911,219             |
| Mutual funds                                   | 529,205             | 138,577             |
| Money market funds and other cash alternatives | <u>87,696</u>       | <u>43,535</u>       |
| Total investments                              | <u>\$ 4,201,416</u> | <u>\$ 3,832,816</u> |

All investments were valued using the market approach and inputs were considered Level 1 under the fair value hierarchy.

## 7. Property and Equipment

Property and equipment consisted of the following as of May 31:

|                                    | 2025                 | 2024                 |
|------------------------------------|----------------------|----------------------|
| Building - Bluffstone Property     | \$ 21,719,452        | \$ 21,703,878        |
| Furniture, fixtures, and equipment | <u>348,818</u>       | <u>330,037</u>       |
|                                    | 22,068,270           | 22,033,915           |
| Accumulated depreciation           | <u>(3,509,570)</u>   | <u>(2,918,062)</u>   |
| Land                               | <u>1,604,745</u>     | <u>1,604,745</u>     |
| Total property and equipment, net  | <u>\$ 20,163,445</u> | <u>\$ 20,720,598</u> |

The Bluffstone Property is the location of the League's headquarters and Community Impact Center.

## 8. Long-Term Debt

In February 2018, the League entered into a Construction Loan Agreement (the “Construction Loan”) with a bank for available borrowings of up to \$10,000,000, which is secured by the Bluffstone Property land and building. Beginning in March 2020, construction draws bear interest at the lesser of 3.89% or the LIBOR daily floating rate plus 1.90% (3.89% as of May 31, 2025 and 2024). Interest only payments were due monthly from March 2019 to September 2021. Thereafter, monthly payments of principal and interest are due through maturity in February 2030, with a balloon payment of \$6,518,181 due upon maturity. Outstanding construction draws totaled \$8,352,443 and \$8,745,500 as of May 31, 2025 and 2024, respectively.

The Construction Loan contains financial covenants that the League must maintain compliance with, including a minimum fixed charge coverage ratio and unrestricted liquid assets, as defined. Failure to comply with the covenants could result in the debt being called by the lender.

As of May 31, 2025, future maturities of long-term debt were as follows during the years ending May 31:

|       |                     |
|-------|---------------------|
| 2026  | \$ 393,056          |
| 2027  | 393,056             |
| 2028  | 393,056             |
| 2029  | 393,056             |
| 2030  | <u>6,780,219</u>    |
| Total | <u>\$ 8,352,443</u> |

## 9. Net Assets with Donor Restrictions

Net assets with donor restrictions were temporarily restricted for the following purposes as of December 31:

|                         | 2025              | 2024             |
|-------------------------|-------------------|------------------|
| Community Impact Center | \$ 69,502         | \$ 63,981        |
| A Christmas Affair      | 48,250            | -                |
| Coats for Kids          | <u>2,390</u>      | <u>-</u>         |
| Total                   | <u>\$ 120,142</u> | <u>\$ 63,981</u> |

## 10. Board-Designated Endowment

The Board-designated Endowment Fund’s purpose is to provide a stable and ongoing means of generating revenue, which will be used to support the educational and charitable mission of the League. Assets are included in the beneficial interest in assets held by others in the statements of financial position.

The agreement with ACF states that the League could not withdraw any funds until the value of the Endowment Fund reached \$1,000,000. Thereafter, distributions of up to 5% of the value of the Endowment Fund at December 31 of the previous year may be made annually in June, even if the total fair value drops below \$1,000,000. The League’s spending policy for distributions is determined annually by the Audit Committee of the Board.



ACF adopted the Investment Policy Statement which governs the investment process through specific objectives and guidelines, an investment structure, management of the overall level of risk and liquidity, establishing criteria to monitor, evaluating and comparing performance, defining suitable investments, and complying with best fiduciary practices. ACF's primary objective for the investment of endowed funds is to preserve the portfolio's purchasing power through asset growth at least equal to the spending policy, plus the rate of inflation. In order to ensure a predictable level of funds, a total return spending policy has been adopted. This policy provides for 5% spending of the rolling 20 quarter market value for endowment funds, not to exceed accumulated earnings in accordance with applicable laws, regulations, and fund agreements.

Changes in the Board-designated Endowment Fund were as follows during the years ended May 31:

|   | 2025                | 2024                |
|---|---------------------|---------------------|
| Endowment Fund, beginning of year       | \$ 1,375,292        | \$ 1,198,043        |
| Interest, dividends, and realized gains | 31,664              | 28,644              |
| Net unrealized gains                    | 96,772              | 161,639             |
| Contributions                           | -                   | 214                 |
| Investment expense                      | (14,497)            | (13,248)            |
| Endowment Fund, end of year             | <u>\$ 1,489,231</u> | <u>\$ 1,375,292</u> |

## 11. Donated Goods and Services

The League received the following contributed nonfinancial assets, recorded as donated goods and services in the statements of activities during the years ended May 31:

|                          | 2025              | 2024              | Usage in<br>Programs or<br>Activities | Monetized<br>or Utilized | Fair value<br>techniques<br>and inputs           |
|--------------------------|-------------------|-------------------|---------------------------------------|--------------------------|--|
| Goods                    | \$ 235,248        | \$ 226,546        | Program<br>services                   | Utilized                 | Current rates<br>for similar<br>products         |
| Professional<br>services | 196,217           | 322,962           | Program<br>services                   | Utilized                 | Current rates<br>for similar<br>services         |
| Advertising<br>and media | 167,300           | 61,950            | Program<br>services                   | Utilized                 | Current rates<br>for similar<br>services         |
| Auction<br>items         | 87,298            | 145,562           | Program<br>services                   | Monetized                | Gross selling<br>price received<br>from auctions |
|                          | <u>\$ 686,063</u> | <u>\$ 757,020</u> |                                       |                          |  |

There were no donor-imposed restrictions associated with the donated goods and services.

## **12. Conditional Grants**

Conditional grants payable are not recorded as grants payable in the statements of financial position until the condition has been met. As of May 31, 2025 and 2024, the League had an aggregate of \$127,900 and \$131,000, respectively, in conditional grants payable to other nonprofit organizations. These grants are considered cost-reimbursement grants, and the League records grant expense in the statements of activities as the nonprofit organization incurs eligible expenses.

## **13. Subsequent Events**

The League has evaluated subsequent events through August 8, 2025 (the date the financial statements were available to be issued), and no events have occurred from the statement of financial position date through that date that would impact the financial statements.