

FINANCIAL STATEMENTS



MAKING CHANGE HAPPEN SINCE 1893

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Council of Jewish Women, Inc.
Washington, D.C.

We have audited the accompanying financial statements of the National Council of Jewish Women, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, 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.

Gelman Rosenberg & Friedman

March 4, 2021

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 540,950	\$ 1,276,453
Investments	14,448,488	16,099,720
Contributions receivable, net of allowance for doubtful accounts of \$10,000 in 2020 and \$100,000 in 2019, respectively	49,275	186,974
Accounts receivable	197,386	84,925
Prepaid expenses and inventory	101,913	72,529
Perpetual trust held by third party	441,311	459,149
Right of use asset	1,294,280	1,511,228
Fixed assets, net	10,182	18,915
Deferred compensation investments	<u>189,681</u>	<u>182,987</u>
TOTAL ASSETS	<u>\$ 17,273,466</u>	<u>\$ 19,892,880</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 405,783	\$ 497,290
Deferred income	16,965	68,383
Lease liability	1,416,820	1,621,811
Gift annuity obligations	48,097	65,845
Deferred compensation liability	<u>189,681</u>	<u>182,987</u>
Total liabilities	<u>2,077,346</u>	<u>2,436,316</u>

NET ASSETS

Without donor restrictions:		
Undesignated	4,060,752	5,949,917
Board designated	<u>325,474</u>	<u>-</u>
Total without donor restrictions	4,386,226	5,949,917
With donor restrictions	<u>10,809,894</u>	<u>11,506,647</u>
Total net assets	<u>15,196,120</u>	<u>17,456,564</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,273,466</u>	<u>\$ 19,892,880</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Contributions and grants	\$ 2,088,006	\$ 373,197	\$ 2,461,203
Contributed services	148,094	-	148,094
Investment loss, net	(172,238)	88,150	(84,088)
Miscellaneous income	81,850	-	81,850
Registration	59,012	-	59,012
Legacies and bequests	40,475	-	40,475
Membership dues	1,300	-	1,300
Net assets released from donor restrictions	<u>1,140,262</u>	<u>(1,140,262)</u>	<u>-</u>
Total revenue	<u>3,386,761</u>	<u>(678,915)</u>	<u>2,707,846</u>
EXPENSES			
Program Services:			
International	529,582	-	529,582
Domestic	1,048,063	-	1,048,063
Services to Sections and Members	<u>1,670,791</u>	<u>-</u>	<u>1,670,791</u>
Total program services	<u>3,248,436</u>	<u>-</u>	<u>3,248,436</u>
Supporting Services:			
General and Administration	932,935	-	932,935
Development	<u>766,623</u>	<u>-</u>	<u>766,623</u>
Total supporting services	<u>1,699,558</u>	<u>-</u>	<u>1,699,558</u>
Total expenses	<u>4,947,994</u>	<u>-</u>	<u>4,947,994</u>
Decrease in net assets, before other item	(1,561,233)	(678,915)	(2,240,148)
OTHER ITEM			
Changes in value of split-interest agreements	<u>(2,458)</u>	<u>(17,838)</u>	<u>(20,296)</u>
Changes in net assets	(1,563,691)	(696,753)	(2,260,444)
Net assets at beginning of year	<u>5,949,917</u>	<u>11,506,647</u>	<u>17,456,564</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,386,226</u>	<u>\$ 10,809,894</u>	<u>\$ 15,196,120</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions and grants	\$ 2,270,548	\$ 759,248	\$ 3,029,796
Investment income	766,340	94,583	860,923
Miscellaneous income	271,233	-	271,233
Registration	156,070	42,060	198,130
Legacies and bequests	168,172	-	168,172
Contributed services	84,890	-	84,890
Membership dues	29,023	8,400	37,423
Net assets released from donor restrictions	<u>888,024</u>	<u>(888,024)</u>	<u>-</u>
Total revenue	<u>4,634,300</u>	<u>16,267</u>	<u>4,650,567</u>
EXPENSES			
Program Services:			
International	557,046	-	557,046
Domestic	1,063,800	-	1,063,800
Services to Sections and Members	<u>1,802,023</u>	<u>-</u>	<u>1,802,023</u>
Total program services	<u>3,422,869</u>	<u>-</u>	<u>3,422,869</u>
Supporting Services:			
General and Administration	1,772,159	-	1,772,159
Development	<u>476,554</u>	<u>-</u>	<u>476,554</u>
Total supporting services	<u>2,248,713</u>	<u>-</u>	<u>2,248,713</u>
Total expenses	<u>5,671,582</u>	<u>-</u>	<u>5,671,582</u>
(Decrease) increase in net assets, before changes in value of split-interest agreements	(1,037,282)	16,267	(1,021,015)
Changes in value of split-interest agreements	<u>25</u>	<u>(3,281)</u>	<u>(3,256)</u>
Changes in net assets	(1,037,257)	12,986	(1,024,271)
Net assets at beginning of year	<u>6,987,174</u>	<u>11,493,661</u>	<u>18,480,835</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,949,917</u>	<u>\$ 11,506,647</u>	<u>\$ 17,456,564</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services			Total Expenses	
	International	Domestic	Services to Sections and Members	Total Program Services	General and Administration	Development		Total Supporting Services
Salaries	\$ 282,981	\$ 612,629	\$ 1,013,234	\$ 1,908,844	\$ 308,723	\$ 380,512	\$ 689,235	\$ 2,598,079
Consultants	20,372	67,348	218,701	306,421	164,144	116,701	280,845	587,266
Contributed services	-	-	-	-	148,094	-	148,094	148,094
Occupancy expense	41,969	88,583	109,803	240,355	23,323	50,224	73,547	313,902
Benefits	13,441	43,484	45,495	102,420	152,546	26,115	178,661	281,081
Payroll taxes	15,312	45,579	76,342	137,233	22,084	26,890	48,974	186,207
Printing and production	-	14,425	45,119	59,544	5,200	101,946	107,146	166,690
Grants to others	112,420	43,000	-	155,420	-	-	-	155,420
Meetings and conventions	13,806	40,420	32,589	86,815	9,066	17,278	26,344	113,159
Travel	8,926	13,442	16,015	38,383	66,260	2,290	68,550	106,933
Dues and subscriptions	400	1,092	43,620	45,112	27,341	8,562	35,903	81,015
Equipment rental maintenance	6,987	15,080	18,321	40,388	4,174	8,361	12,535	52,923
Bank fees	160	-	-	160	31,537	12,981	44,518	44,678
Insurance	4,019	14,467	13,663	32,149	2,813	5,224	8,037	40,186
Dues to other organizations	1,052	12,376	-	13,428	22,500	280	22,780	36,208
Miscellaneous	-	19,808	1,722	21,530	4,733	-	4,733	26,263
Telephone	3,448	7,278	9,021	19,747	1,975	4,126	6,101	25,848
Supplies	2,727	5,756	7,135	15,618	2,255	3,264	5,519	21,137
Scholarships	-	-	15,925	15,925	-	-	-	15,925
Postage and delivery	1,562	3,296	4,086	8,944	868	1,869	2,737	11,681
Depreciation and amortization	-	-	-	-	8,733	-	8,733	8,733
Bad debt expense (recovery)	-	-	-	-	(73,434)	-	(73,434)	(73,434)
TOTAL	\$ 529,582	\$ 1,048,063	\$ 1,670,791	\$ 3,248,436	\$ 932,935	\$ 766,623	\$ 1,699,558	\$ 4,947,994

See accompanying notes to financial statements.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services				Total Expenses
	International	Domestic	Services to Sections and Members	Total Program Services	General and Administration	Development	Total Supporting Services	
Salaries	\$ 274,240	\$ 646,110	\$ 894,224	\$ 1,814,574	\$ 590,850	\$ 329,150	\$ 920,000	\$ 2,734,574
Consultants	23,325	85,029	264,547	372,901	195,121	38,397	233,518	606,419
Contributed services	-	-	-	-	84,930	-	84,930	84,930
Travel	45,547	79,297	214,254	339,098	73,967	3,942	77,909	417,007
Occupancy expense	23,783	83,718	57,244	164,745	214,815	28,425	243,240	407,985
Benefits	19,610	52,788	61,203	133,601	52,311	23,643	75,954	209,555
Payroll taxes	17,572	42,036	59,507	119,115	37,000	21,001	58,001	177,116
Grants to others	130,375	-	15,185	145,560	2,161	-	2,161	147,721
Bad debt expense	-	-	-	-	144,354	-	144,354	144,354
Miscellaneous	797	2,527	10,277	13,601	112,584	952	113,536	127,137
Printing and production	244	6,720	83,602	90,566	23,155	307	23,462	114,028
Postage and delivery	2,474	4,902	70,389	77,765	4,713	3,093	7,806	85,571
Equipment rental maintenance	-	11,472	1,091	12,563	71,382	1,485	72,867	85,430
Telephone	2,740	10,106	10,837	23,683	51,411	3,274	54,685	78,368
Supplies	1,442	11,193	14,042	26,677	32,439	2,390	34,829	61,506
Dues and subscriptions	5,297	12,883	12,141	30,321	14,275	12,695	26,970	57,291
Insurance	6,526	12,254	15,980	34,760	6,628	7,800	14,428	49,188
Dues to other organizations	1,552	2,765	-	4,317	28,035	-	28,035	32,352
Bank fees	-	-	-	-	25,696	-	25,696	25,696
Scholarships	-	-	17,500	17,500	-	-	-	17,500
Depreciation and amortization	1,522	-	-	1,522	6,332	-	6,332	7,854
TOTAL	\$ 557,046	\$ 1,063,800	\$ 1,802,023	\$ 3,422,869	\$ 1,772,159	\$ 476,554	\$ 2,248,713	\$ 5,671,582

See accompanying notes to financial statements.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (2,260,444)	\$ (1,024,271)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	8,733	7,854
Net unrealized and realized loss (gain) on investments	270,505	(606,428)
Permanently restricted contributions	(26,072)	(32,212)
Change in value of split-interest agreements	(2,458)	25
Change in allowance for bad debt	(90,000)	-
Change in measurement of operating lease	11,957	(1,511,228)
Decrease (increase) in:		
Contributions receivable	227,699	(81,352)
Accounts receivable	(112,461)	(84,925)
Prepaid expenses and inventory	(29,384)	65,993
Perpetual trust held by third party	17,838	3,281
(Decrease) increase in:		
Accounts payable and accrued liabilities	(91,507)	109,229
Deferred income	(51,418)	68,383
Deferred rent abatement	-	1,621,811
Net cash used by operating activities	<u>(2,127,012)</u>	<u>(1,463,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(14,783)
Purchase of investments	(243,723)	(1,809,602)
Proceeds from sale of investments	<u>1,624,450</u>	<u>3,204,431</u>
Net cash provided by investing activities	<u>1,380,727</u>	<u>1,380,046</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of annuity obligations	(15,290)	(18,944)
Permanently restricted contributions	<u>26,072</u>	<u>32,212</u>
Net cash provided by financing activities	<u>10,782</u>	<u>13,268</u>
Net decrease in cash and cash equivalents	(735,503)	(70,526)
Cash and cash equivalents at beginning of year	<u>1,276,453</u>	<u>1,346,979</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 540,950</u>	<u>\$ 1,276,453</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Council of Jewish Women, Inc. (the Organization) is a nonprofit organization whose purpose is to improve the lives of women, children, and families, and ensure individual freedoms and rights for all. Inspired by Jewish values, the Organization has been at the forefront of social change for more than a century. The Organization members speak out for progressive policies at the federal, state, and local levels. In communities across the country, members identify local challenges, develop responses, and provide assistance and support to those in need.

There are 60 local NCJW sections across the country obligated to follow the Organization's resolutions and operate in accordance with the Organization's bylaws. The Organization provides various services to its sections: programmatic information, technical assistance and training, national membership/leadership meetings, and representation on national and international groups in return for remittance of program support dues. The activities of the sections are not included in these financial statements as they are separately incorporated entities.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Organization mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2020, the Organization adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. The Organization adopted the ASU using a modified prospective basis.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less and excluding money market funds held by investment managers in the amount of \$408,526 and \$727,479 for the years ended June 30, 2020 and 2019, respectively. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment (loss) income net of investment expenses provided by external investment advisors and allocated internal management costs in the Statements of Activities and Changes in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Accounts and contributions receivable -

Accounts and contributions receivable are recorded at their net realizable value, which approximates fair value, within one year. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2020 and 2019, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue -

The majority of the Organization's revenue is received through contributions and grants. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contributions rules or if it is considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue (continued) -

For contributions and grants qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Typically these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, the Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances.

Membership dues are recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted rates to conferences and meetings; however, they are immaterial in nature to the contract and thus are included with the general member benefits. Deferred revenue consists of member dues received in advance of the membership period.

Registrations fees are recorded as revenue when the performance obligation is met which is when the related event has occurred. The transaction price is determined based on cost and/or sales price.

Contributed services -

Contributed services consist of donated legal services. Contributed services are recorded at their fair value as of the date of the gift. All donated services were used to support the general and administrative services of the Organization.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

The Organization plans to adopt the new ASU at the respective required implementation date.

2. INVESTMENTS

Investments consisted of the following as of June 30, 2020 and 2019:

	Value	
	2020	2019
Cash and cash equivalents	\$ 408,526	\$ 727,479
Fixed income	2,491,361	2,802,823
Equities	9,575,398	10,247,350
Mutual funds - Real estate	707,618	780,267
Mutual funds - Commodities	291,279	308,447
Alternative assets	<u>974,306</u>	<u>1,233,354</u>
TOTAL INVESTMENTS	<u>\$ 14,448,488</u>	<u>\$ 16,099,720</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. INVESTMENTS (Continued)

Included in investment (loss) income are the following:

	2020	2019
Interest and dividends	\$ 285,035	\$ 355,042
Unrealized (loss) gain	(305,700)	483,733
Realized gain	35,195	122,695
Investment expenses provided by external investment advisors and allocated internal management costs	(98,618)	(100,547)
TOTAL INVESTMENT (LOSS) INCOME, NET OF INVESTMENT EXPENSES	\$ (84,088)	\$ 860,923

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2020 and 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds (Cash and cash equivalents)* - The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Common stocks (Equities)* - Valued at the closing price reported on the active market in which the individual securities are traded.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. INVESTMENTS (Continued)

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by Organization are deemed to be actively traded.
- *Corporate debt, U.S. agency bonds, U.S. Government securities (Fixed income)* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Interests in hedge funds, real estate and other equity funds, and limited partnerships (Alternative investments)* - these instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.
- *Gift annuity obligations* - Charitable gift annuity obligations are valued at fair value based on the estimated future payments to be distributed over the expected lives of the beneficiaries.
- *Interest in perpetual trust* - Valuation inputs utilized to determine the fair value of the beneficial interest in perpetual trusts include the market value of the underlying assets within the trust as provided by the trustee and the Organization's proportionate share of the trust assets. Trust assets are held by a third party trustee. The Organization does not control the underlying assets of the trust nor does it have the ability to make investment decisions.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2020.

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 408,526	\$ -	\$ -	\$ 408,526
Fixed income	496,124	1,995,237	-	2,491,361
Equities	9,575,398	-	-	9,575,398
Mutual funds - Real estate	707,618	-	-	707,618
Mutual funds - Commodities	291,279	-	-	291,279
Alternative assets	<u>-</u>	<u>-</u>	<u>974,306</u>	<u>974,306</u>
TOTAL INVESTMENTS	<u>\$ 11,478,945</u>	<u>\$ 1,995,237</u>	<u>\$ 974,306</u>	<u>\$ 14,448,488</u>
Perpetual Trust Held by Third Party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,311</u>	<u>\$ 441,311</u>
Deferred Compensation Investments	<u>\$ 189,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,681</u>
Gift Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,097</u>	<u>\$ 48,097</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. INVESTMENTS (Continued)

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2019 were as follows:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 727,479	\$ -	\$ -	\$ 727,479
Fixed income	566,178	2,236,645	-	2,802,823
Equities	10,247,350	-	-	10,247,350
Mutual funds - Real estate	780,267	-	-	780,267
Mutual funds - Commodities	308,447	-	-	308,447
Alternative assets	-	-	1,233,354	1,233,354
TOTAL INVESTMENTS	\$ <u>12,629,721</u>	\$ <u>2,236,645</u>	\$ <u>1,233,354</u>	\$ <u>16,099,720</u>
Perpetual Trust Held by Third Party	\$ <u>-</u>	\$ <u>-</u>	\$ <u>459,149</u>	\$ <u>459,149</u>
Deferred Compensation Investments	\$ <u>182,987</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>182,987</u>
Gift Annuity Obligations	\$ <u>-</u>	\$ <u>-</u>	\$ <u>65,845</u>	\$ <u>65,845</u>

Level 3 Financial Assets and Liabilities

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2020:

	<u>Investments</u>	<u>Perpetual Trust Held by Third Party</u>	<u>Gift Annuity Obligations</u>
Beginning balance as of July 1, 2019	\$ 1,233,354	\$ 459,149	\$ 65,845
Change in value	(259,048)	(17,838)	(2,458)
Payments and distributions	-	-	(15,290)
BALANCE AS OF JUNE 30, 2020	\$ <u>974,306</u>	\$ <u>441,311</u>	\$ <u>48,097</u>

The following table provides a summary of changes in fair value of the Organization's financial assets and liabilities for the year ended June 30, 2019:

	<u>Investments</u>	<u>Perpetual Trust Held by Third Party</u>	<u>Gift Annuity Obligations</u>
Beginning balance as of July 1, 2018	\$ 1,201,130	\$ 462,430	\$ 84,764
Change in value	32,224	(3,281)	25
Payments and distributions	-	-	(18,944)
BALANCE AS OF JUNE 30, 2019	\$ <u>1,233,354</u>	\$ <u>459,149</u>	\$ <u>65,845</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

3. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2020 and 2019:

	2020	2019
Equipment	\$ 61,210	\$ 61,210
Computer equipment	183,365	183,365
Leasehold improvements	336,540	336,540
 Total fixed assets	 581,115	 581,115
Less: Accumulated depreciation and amortization	(570,933)	(562,200)
 NET FIXED ASSETS	 \$ 10,182	 \$ 18,915

4. SPLIT INTEREST AGREEMENTS

The Organization is a 50% beneficiary in a beneficial trust. Under the trust, the Organization has the irrevocable right to receive the income earned on perpetual trust assets in perpetuity, but never receives the assets held in the trust. The trust is recorded at its fair value with any changes in the fair value recognized as a gain or loss with donor restrictions.

The Organization has a charitable gift annuity ("CGA") program whereby donors may contribute assets to the Organization in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes.

The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as a contribution at the date of the gift. The present value of the liability is revalued annually using discount rates ranging from 2% to 3% and estimated lives for up to 15 years.

	2020	2019
Balance at beginning of year	\$ 65,845	\$ 84,764
Actuarial change including terminations	(2,458)	25
Annuity payments	(15,290)	(18,944)
 TOTAL	 \$ 48,097	 \$ 65,845

5. BOARD DESIGNATED NET ASSETS

As of June 30, 2020 and 2019, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	2020	2019
125th Anniversary Fund	\$ 325,474	\$ -

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Domestic programming	\$ 4,746,290	\$ 5,192,209
Israel programming	284,975	417,967
Leadership development	195,422	195,422
Operations	2,143	3,218
	5,228,830	5,808,816
Subject to passage of time	-	125,000
Endowments to be invested in perpetuity:		
Israel programming	2,561,996	2,579,835
Leadership development	125,600	125,600
Operations	2,893,468	2,867,396
	5,581,064	5,572,831
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 10,809,894	\$ 11,506,647

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2020	2019
Purpose restrictions accomplished:		
Domestic programming	\$ 887,206	\$ 751,962
Israel programming	247,743	120,877
Leadership development	4,013	15,185
Operations	1,300	-
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 1,140,262	\$ 888,024

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	2020	2019
Cash and cash equivalents	\$ 540,950	\$ 1,276,453
Investments	14,448,488	16,099,720
Accounts receivable	197,386	84,925
Contributions receivable	49,275	186,974
Subtotal financial assets available within one year	15,236,099	17,648,072
Less: Donor restricted funds	(10,809,894)	(11,381,647)
Less: Board-designated funds	(325,474)	-
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 4,100,731	\$ 6,266,425

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

7. LIQUIDITY AND AVAILABILITY (Continued)

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2020 and 2019, the Organization has financial assets equal to approximately 10 and 13 months of operating expenses.

8. FUNDING FROM THE PAYCHECK PROTECTION PROGRAM

On April 14, 2020, the Organization received loan proceeds in the amount of \$443,335 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration.

During the year ended June 30, 2020, the Organization expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they have met all conditions set forth for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, the Organization has recognized the PPP funding as a conditional grant by which all conditions have been met. The Organization has deemed the forgiveness by the SBA to be highly probable, and an administrative task only, but not a barrier to recognition. The \$443,335 of grant income is included in contributions revenue on the accompanying Statements of Activities and Changes in Net Assets.

9. LEASE COMMITMENTS

The Organization has a non-cancelable operating lease agreement for its headquarters and additional office space expiring at various date through August 1, 2025. The Organization entered into a seven year lease agreement on June 9, 2018 for office space in Washington, D.C. The lease commenced on August 1, 2018 and expires on August 1, 2025. Base rent under the lease agreement is \$22,624 per month, adjusted annually by 4%. The office lease provides for free rent for the first four months of the lease term. The lease also requires a \$22,624 security deposit.

During 2019, the Organization elected to early implement *Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02* related to leases. ASU 2016-02 requires the recognition of a right-of-use asset and corresponding lease liability, initially measured at the present value of the lease payments. Accordingly, with the early adoption and implementation of the ASU using a prospective approach, the Organization recorded right-of-use asset and operating lease liability of \$1,702,498 by calculating the net present value of the lease commitments using discount rate of 5%. The right-of-use asset and operating lease liability are being amortized over the respective life of the lease. As of June 30, 2020, the unamortized right-of-use asset was valued at \$1,294,280 and the unamortized operating lease liability were valued at \$1,416,820. As of June 30, 2019, the unamortized right-of-use asset was valued at \$1,511,228 and the unamortized operating lease liability were valued at \$1,621,811. Rent and other operating costs included in occupancy expense for the years ended June 30, 2020 and 2019 totaled \$302,342 and \$370,554, respectively. The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2021	\$ 292,705
2022	304,413
2023	316,590
2024	329,253
2025	<u>371,050</u>
	1,614,011
Less: Imputed interest	<u>(197,191)</u>
TOTAL OPERATING LEASE LIABILITY	<u>\$ 1,416,820</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

10. RETIREMENT PLAN.

The Organization has a contributory tax deferred annuity plan available to all employees after two years of service, as defined. The Organization will make a contribution to the Plan on a participant's behalf in the amount of 3% of the participant's compensation provided the active participant contributes 2.5% of compensation pursuant to a salary reduction agreement. Contributions to the Plan during the years ended June 30, 2020 and 2019 totaled \$23,699 and \$21,292, respectively.

11. ENDOWMENT

The Organization's endowment consists of donor-restricted endowment funds as required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the New York Uniform Prudent Management of Institutional Funds Act (NYUPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted NYUPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum the (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted NYUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with NYUPMIFA, the Organization considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 5,581,064	\$ 5,581,064
Accumulated investment earnings	-	32,842	32,842
TOTAL ENDOWMENT FUNDS	\$ -	\$ 5,613,906	\$ 5,613,906

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

11. ENDOWMENT (Continued)

During the year ended June 30, 2020, the Organization had the following endowment related activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 5,650,843	\$ 5,650,843
Investment return, net	-	21,694	21,694
Contributions	-	26,072	26,072
Appropriation of endowment assets for expenditure	-	(66,863)	(66,863)
Other changes	-	(17,840)	(17,840)
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 5,613,906</u>	<u>\$ 5,613,906</u>

Endowment net asset composition by type of fund as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 5,572,831	\$ 5,572,831
Accumulated investment earnings	-	78,012	78,012
TOTAL ENDOWMENT FUNDS	<u>\$ -</u>	<u>\$ 5,650,843</u>	<u>\$ 5,650,843</u>

During the year ended June 30, 2019, the Organization had the following endowment related activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 5,586,678	\$ 5,586,678
Investment return, net	-	32,212	32,212
Contributions	-	37,278	37,278
Appropriation of endowment assets for expenditure	-	(2,044)	(2,044)
Other changes	-	(3,281)	(3,281)
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 5,650,843</u>	<u>\$ 5,650,843</u>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization had no such deficiencies at June 30, 2020 and 2019.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

11. ENDOWMENT (Continued)

Return Objectives and Risk Parameters -

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term, rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organization has a policy of appropriating for distribution, generally, earnings equal to 5% of Endowment Funds.

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 4, 2021, the date the financial statements were issued.