

FINANCIAL STATEMENTS

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FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020, 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 & Freedman

June 30, 2022

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 774,756	\$ 540,950
Investments	18,595,458	14,448,488
Contributions receivable, net of allowance for doubtful accounts of \$10,000 in 2021 and 2020	1,021,036	49,275
Accounts receivable	60,023	197,386
Prepaid expenses and inventory	96,719	101,913
Perpetual trust held by third party	541,327	441,311
Right of use asset	1,066,584	1,294,280
Fixed assets, net	2,402	10,182
Deferred compensation investments	<u>-</u>	<u>189,681</u>
TOTAL ASSETS	<u>\$ 22,158,305</u>	<u>\$ 17,273,466</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Loans payable	\$ 415,182	\$ -
Accounts payable and accrued liabilities	236,985	405,783
Deferred income	60,063	16,965
Lease liability	1,189,944	1,416,820
Gift annuity obligations	24,733	48,097
Deferred compensation liability	<u>-</u>	<u>189,681</u>
Total liabilities	<u>1,926,907</u>	<u>2,077,346</u>

NET ASSETS

Without donor restrictions:		
Undesignated	7,852,581	3,950,141
Board designated	<u>325,474</u>	<u>325,474</u>
Total without donor restrictions	8,178,055	4,275,615
With donor restrictions	<u>12,053,343</u>	<u>10,920,505</u>
Total net assets	<u>20,231,398</u>	<u>15,196,120</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,158,305</u>	<u>\$ 17,273,466</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Contributions and grants	\$ 3,281,696	\$ 1,088,397	\$ 4,370,093
Investment income, net	2,498,838	1,759,020	4,257,858
Legacies and bequests	240,247	-	240,247
Contributed services	69,934	-	69,934
Registration	36,856	-	36,856
Miscellaneous income	25,731	-	25,731
Net assets released from donor restrictions	<u>1,814,595</u>	<u>(1,814,595)</u>	<u>-</u>
Total revenue	<u>7,967,897</u>	<u>1,032,822</u>	<u>9,000,719</u>
EXPENSES			
Program Services:			
International	299,613	-	299,613
Domestic	1,360,198	-	1,360,198
Services to Sections and Members	<u>923,761</u>	<u>-</u>	<u>923,761</u>
Total program services	<u>2,583,572</u>	<u>-</u>	<u>2,583,572</u>
Supporting Services:			
General and Administration	699,275	-	699,275
Development	<u>779,073</u>	<u>-</u>	<u>779,073</u>
Total supporting services	<u>1,478,348</u>	<u>-</u>	<u>1,478,348</u>
Total expenses	<u>4,061,920</u>	<u>-</u>	<u>4,061,920</u>
Increase in net assets, before other item	3,905,977	1,032,822	4,938,799
OTHER ITEM			
Changes in value of split-interest agreements	<u>(3,537)</u>	<u>100,016</u>	<u>96,479</u>
Changes in net assets	3,902,440	1,132,838	5,035,278
Net assets at beginning of year, as restated	<u>4,275,615</u>	<u>10,920,505</u>	<u>15,196,120</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,178,055</u>	<u>\$ 12,053,343</u>	<u>\$ 20,231,398</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Contributions and grants	\$ 1,739,001	\$ 722,202	\$ 2,461,203
Investment loss	(54,006)	(30,082)	(84,088)
Legacies and bequests	40,475	-	40,475
Contributed services	148,094	-	148,094
Registration	59,012	-	59,012
Miscellaneous income	83,150	-	83,150
Net assets released from donor restrictions	<u>1,260,424</u>	<u>(1,260,424)</u>	<u>-</u>
Total revenue	<u>3,276,150</u>	<u>(568,304)</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	(1,671,844)	(568,304)	(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	(1,674,302)	(586,142)	(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>\$ 4,275,615</u>	<u>\$ 10,920,505</u>	<u>\$ 15,196,120</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Total Expenses	
	International	Domestic	Services to Sections and Members	Total Program Services	General and Administration	Development		Total Supporting Services
Salaries	\$ 129,998	\$ 843,871	\$ 368,775	\$ 1,342,644	\$ 366,387	\$ 261,206	\$ 627,593	\$ 1,970,237
Consultants	25,728	142,975	222,613	391,316	47,671	137,609	185,280	576,596
Occupancy expense	39,576	83,533	103,543	226,652	21,993	47,361	69,354	296,006
Benefits	1,873	52,233	15,251	69,357	114,017	11,918	125,935	195,292
Printing and production	998	3,300	10,716	15,014	-	191,840	191,840	206,854
Payroll taxes	2,706	54,392	24,174	81,272	38,646	20,241	58,887	140,159
Dues and subscriptions	14,662	30,947	38,361	83,970	8,148	17,546	25,694	109,664
Grants to others	47,000	42,000	-	89,000	-	-	-	89,000
Contributed services	-	-	-	-	69,934	-	69,934	69,934
Insurance	14,976	31,609	39,180	85,765	8,322	17,921	26,243	112,008
Meetings and conventions	5,536	8,937	44,449	58,922	-	7,466	7,466	66,388
Bank fees	1,236	2,608	3,233	7,077	687	40,849	41,536	48,613
Equipment rental maintenance	6,940	14,648	18,157	39,745	3,857	8,305	12,162	51,907
Miscellaneous	241	23,086	4,522	27,849	13,123	6,705	19,828	47,677
Travel and entertainment	2,209	8,972	6,393	17,574	3,453	3,443	6,896	24,470
Dues to other organizations	472	5,557	10,103	16,132	-	126	126	16,258
Postage and delivery	1,711	3,611	4,476	9,798	951	2,048	2,999	12,797
Telephone	1,844	3,893	4,826	10,563	1,025	2,207	3,232	13,795
Depreciation and amortization	1,040	2,196	2,721	5,957	578	1,245	1,823	7,780
Supplies	867	1,830	2,268	4,965	483	1,037	1,520	6,485
TOTAL	\$ 299,613	\$ 1,360,198	\$ 923,761	\$ 2,583,572	\$ 699,275	\$ 779,073	\$ 1,478,348	\$ 4,061,920

See accompanying notes to financial statements.

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.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 5,035,278	\$ (2,260,444)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	7,780	8,733
Net unrealized and realized (gain) loss on investments	(4,095,759)	270,505
Permanently restricted contributions	-	(26,072)
Change in value of split-interest agreements	(3,537)	(2,458)
Change in allowance for bad debt	-	(90,000)
Change in measurement of operating lease	820	11,957
(Increase) decrease in:		
Contributions receivable	(971,761)	227,699
Accounts receivable	137,363	(112,461)
Prepaid expenses and inventory	5,194	(29,384)
Perpetual trust held by third party	(100,016)	17,838
(Decrease) increase in:		
Accounts payable and accrued liabilities	(168,798)	(91,507)
Deferred income	<u>43,098</u>	<u>(51,418)</u>
Net cash used by operating activities	<u>(110,338)</u>	<u>(2,127,012)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(487,439)	(243,723)
Proceeds from sale of investments	<u>436,228</u>	<u>1,624,450</u>
Net cash (used) provided by investing activities	<u>(51,211)</u>	<u>1,380,727</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of annuity obligations	(19,827)	(15,290)
Permanently restricted contributions	-	26,072
Proceeds from loan payable	<u>415,182</u>	<u>-</u>
Net cash provided by financing activities	<u>395,355</u>	<u>10,782</u>
Net increase (decrease) in cash and cash equivalents	233,806	(735,503)
Cash and cash equivalents at beginning of year	<u>540,950</u>	<u>1,276,453</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>774,756</u>	\$ <u>540,950</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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 53 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 pronouncement adopted -

During 2021, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue; however, the presentation and disclosures of revenue have been enhanced.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

New accounting pronouncement adopted (continued) -

The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amounts of \$1,010,649 and \$408,526 for the years ended June 30, 2021 and 2020, 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 income (loss) 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, 2021 and 2020, 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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Revenue -

Contributions and grants -

The Organization receives contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, organizations and other entities. 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 contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

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 -

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.

Registration -

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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

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.

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 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

New accounting pronouncements (not yet adopted) (continued) -

The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption methods and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following as of June 30, 2021 and 2020:

	Value	
	2021	2020
Cash and cash equivalents	\$ 1,010,649	\$ 408,526
Fixed income	2,544,892	2,491,361
Equities	12,629,803	9,575,398
Mutual funds - Real estate	927,562	707,618
Mutual funds - Commodities	394,245	291,279
Alternative assets	1,088,307	974,306
TOTAL INVESTMENTS	\$ 18,595,458	\$ 14,448,488

Included in investment income (loss) are the following:

	2021	2020
Interest and dividends	\$ 362,380	\$ 201,588
Unrealized gain (loss)	3,750,672	(216,592)
Realized gain	245,071	30,935
Investment expenses provided by external investment advisors and allocated internal management costs	(100,265)	(100,019)
TOTAL INVESTMENT INCOME (LOSS), NET OF INVESTMENT EXPENSES	\$ 4,257,858	\$ (84,088)

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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. INVESTMENTS (Continued)

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, 2021 and 2020. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds (Cash and cash equivalents)* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are 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.
- *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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021.

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,010,649	\$ -	\$ -	\$ 1,010,649
Fixed income	522,314	2,022,578	-	2,544,892
Equities	12,629,803	-	-	12,629,803
Mutual funds - Real estate	927,562	-	-	927,562
Mutual funds - Commodities	394,245	-	-	394,245
Alternative assets	-	-	1,088,307	1,088,307
TOTAL INVESTMENTS	\$ <u>15,484,573</u>	\$ <u>2,022,578</u>	\$ <u>1,088,307</u>	\$ <u>18,595,458</u>
Perpetual Trust Held by Third Party	\$ <u>-</u>	\$ <u>541,327</u>	\$ <u>-</u>	\$ <u>541,327</u>
Deferred Compensation Investments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Liability Class:				
Gift Annuity Obligations	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,733</u>	\$ <u>24,733</u>

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	-	-	974,306	974,306
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>441,311</u>	\$ <u>-</u>	\$ <u>-</u>
Deferred Compensation Investments	\$ <u>189,681</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>189,681</u>
Liability Class:				
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, 2021 AND 2020**

2. INVESTMENTS (Continued)

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, 2021:

	<u>Investments</u>	<u>Perpetual Trust Held by Third Party</u>	<u>Gift Annuity Obligations</u>
Beginning balance as of July 1, 2020	\$ 974,306	\$ 441,311	\$ 48,097
Change in value	114,001	100,016	(3,537)
Payments and distributions	<u>-</u>	<u>-</u>	<u>(19,827)</u>
BALANCE AS OF JUNE 30, 2021	<u>\$ 1,088,307</u>	<u>\$ 541,327</u>	<u>\$ 24,733</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, 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	<u>-</u>	<u>-</u>	<u>(15,290)</u>
BALANCE AS OF JUNE 30, 2020	<u>\$ 974,306</u>	<u>\$ 441,311</u>	<u>\$ 48,097</u>

3. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$ -	\$ 61,210
Computer equipment	183,365	183,365
Leasehold improvements	<u>-</u>	<u>336,540</u>
Total fixed assets	183,365	581,115
Less: Accumulated depreciation and amortization	<u>(180,963)</u>	<u>(570,933)</u>
NET FIXED ASSETS	<u>\$ 2,402</u>	<u>\$ 10,182</u>

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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

4. SPLIT INTEREST AGREEMENTS (Continued)

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.

	2021	2020
Balance at beginning of year	\$ 48,097	\$ 65,845
Actuarial change including terminations	(3,537)	(2,458)
Annuity payments	(19,827)	(15,290)
TOTAL	\$ 24,733	\$ 48,097

5. BOARD DESIGNATED NET ASSETS

As of June 30, 2021 and 2020, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	2021	2020
125th Anniversary Fund	\$ 325,474	\$ 325,474

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Domestic programming	\$ 5,953,322	\$ 4,916,239
Israel programming	385,534	237,079
Leadership development	159,495	212,195
	6,498,351	5,365,513
Endowments to be invested in perpetuity:		
Israel programming	2,561,997	2,561,996
Leadership development	125,600	125,600
Operations	2,867,395	2,867,396
	5,554,992	5,554,992
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 12,053,343	\$ 10,920,505

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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:

	2021	2020
Purpose restrictions accomplished:		
Domestic programming	\$ 1,492,205	\$ 1,223,306
Israel programming	204,175	21,193
Leadership development	118,215	15,925
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 1,814,595	\$ 1,260,424

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:

	2021	2020
Cash and cash equivalents	\$ 774,756	\$ 540,950
Investments	18,595,458	14,448,488
Accounts receivable	60,023	197,386
Contributions receivable	1,021,036	49,275
Subtotal financial assets available within one year	20,451,273	15,236,099
Less: Donor restricted funds	(12,053,343)	(10,920,505)
Less: Board-designated funds	(325,474)	(325,474)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 8,072,456	\$ 3,990,120

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2021 and 2020, the Organization has financial assets equal to approximately 24 and 10 months of operating expenses.

8. 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. The Organization, at inception elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Organization did not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

8. LEASE COMMITMENTS (Continued)

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 a 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, 2021, the unamortized right-of-use asset was valued at \$1,066,584 and the unamortized operating lease liability was valued at \$1,189,944. As of June 30, 2020, the unamortized right-of-use asset was valued at \$1,294,280 and the unamortized operating lease liability was valued at \$1,416,820. Rent and other operating costs included in occupancy expense for the years ended June 30, 2021 and 2020 totaled \$293,465 and \$302,342, respectively.

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

<u>Year Ending June 30,</u>	
2022	\$ 304,413
2023	316,590
2024	329,253
2025	<u>371,050</u>
	1,321,306
Less: Imputed interest	<u>(131,362)</u>
TOTAL OPERATING LEASE LIABILITY	<u>\$ 1,189,944</u>

9. FUNDING FROM THE PAYCHECK PROTECTION PROGRAM

On February 18, 2021, the Organization received loan proceeds in the amount of \$415,182 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. The Organization intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. The Organization intends to apply for forgiveness after completing the 24-week period. If forgiveness is granted, the Organization will record revenue from debt extinguishments during the period that forgiveness is approved.

Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

<u>Year Ending June 30,</u>	
2022	\$ 84,574
2023	92,263
2024	92,263
2025	92,263
2026	<u>53,819</u>
	<u>\$ 415,182</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 and 2020 totaled \$13,867 and \$23,699, 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 assets 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, 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ <u>-</u>	\$ <u>5,554,992</u>	\$ <u>5,554,992</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

11. ENDOWMENT (Continued)

During the year ended June 30, 2021, 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	\$ -	\$ 5,554,992	\$ 5,554,992
Investment return, net	-	1,502,399	1,502,399
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(1,502,399)</u>	<u>(1,502,399)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 5,554,992</u>	<u>\$ 5,554,992</u>

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

	<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	<u>\$ -</u>	<u>\$ 5,554,992</u>	<u>\$ 5,554,992</u>

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	-	(45,143)	(45,143)
Appropriation of endowment assets for expenditure	-	(32,869)	(32,869)
Other changes	<u>-</u>	<u>(17,839)</u>	<u>(17,839)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 5,554,992</u>	<u>\$ 5,554,992</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, 2021 and 2020.

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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. ENDOWMENT (Continued)

Return Objectives and Risk Parameters (continued) -

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. RESTATEMENT OF NET ASSETS

NCJW changed their methodology of allocating investment income to their endowed funds. As a result of this change, net assets as of June 30, 2020 were restated as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2020	\$ 4,386,226	\$ 10,809,894	\$ 15,196,120
Restatement	<u>(110,611)</u>	<u>110,611</u>	<u>-</u>
JUNE 30, 2020, RESTATED	<u>\$ 4,275,615</u>	<u>\$ 10,920,505</u>	<u>\$ 15,196,120</u>

13. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 30, 2022, the date the financial statements were issued.