

National Council of Jewish Women, Inc.

Financial Statements

Years Ended June 30, 2016 and 2015

National Council of Jewish Women, Inc.

Financial Statements

Years Ended June 30, 2016 and 2015

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Independent Auditor's Report

Board of Directors
National Council of Jewish Women, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the National Council of Jewish Women, Inc., which comprise the statement of financial position as of June 30, 2016, the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Council of Jewish Women, Inc. as of June 30, 2016, the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Organization, as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated October 26, 2015, expressed an unmodified opinion on those statements.

Sax LLP

Clifton, New Jersey
October 20, 2016

National Council of Jewish Women, Inc.

Statements of Financial Position

		June 30,	
		2016	2015
ASSETS			
ASSETS			
Cash and cash equivalents	\$	744,387	\$ 532,875
Contributions receivable, net		182,592	155,534
Investments, at fair value		14,915,164	16,510,336
Prepaid expenses and inventory		156,781	149,802
Property and equipment, net		71,164	97,502
Perpetual trust held by third party		408,979	453,233
		16,479,067	17,899,282
TOTAL ASSETS		\$ 16,479,067	\$ 17,899,282
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$	529,220	\$ 496,632
Deferred lease obligations and incentive		56,621	90,913
Charitable gift annuity obligations		110,541	116,446
Total liabilities		696,382	703,991
NET ASSETS			
Unrestricted		4,634,792	6,006,196
Temporarily restricted		5,668,510	5,665,458
Permanently restricted		5,479,383	5,523,637
Total net assets		15,782,685	17,195,291
TOTAL LIABILITIES AND NET ASSETS		\$ 16,479,067	\$ 17,899,282

See Independent Auditor's Report and Notes to Financial Statements.

National Council of Jewish Women, Inc.

Statement of Activities

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions				
Grants and contributions, includes in-kind contributions of \$165,470	\$ 2,578,727	\$ 419,639	\$ -	\$ 2,998,366
Membership dues	221,188	79,088	-	300,276
Legacies and bequests	18,793	460,000	-	478,793
National events	135,422	-	-	135,422
Registration fees	189,185	-	-	189,185
Royalties	20,190	-	-	20,190
Interest and dividend income, net of fees of \$93,292	244,225	178,990	-	423,215
Net unrealized and realized gains (losses) on investments	(1,057,600)	-	-	(1,057,600)
Miscellaneous income	5,732	-	-	5,732
Total revenues, gains, and other support	2,355,862	1,137,717	-	3,493,579
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of time restrictions	230,042	(230,042)	-	-
Satisfaction of purpose restrictions	829,236	(829,236)	-	-
Total net assets released from restrictions	1,059,278	(1,059,278)	-	-
FUNCTIONAL EXPENSES				
Program services				
International	602,102	-	-	602,102
Domestic	1,064,170	45,387	-	1,109,557
Services to sections and members	1,695,386	30,000	-	1,725,386
Total program services	3,361,658	75,387	-	3,437,045
Supporting services				
General and administrative	726,253	-	-	726,253
Development	677,583	-	-	677,583
Total supporting services	1,403,836	-	-	1,403,836
Total functional expenses	4,765,494	75,387	-	4,840,881
Increase (decrease) in net assets, before change in value of split-interest agreements	(1,350,354)	3,052	-	(1,347,302)
Change in value of split-interest agreements	(21,050)	-	(44,254)	(65,304)
Increase (decrease) in net assets	(1,371,404)	3,052	(44,254)	(1,412,606)
NET ASSETS, beginning of year	6,006,196	5,665,458	5,523,637	17,195,291
NET ASSETS, end of year	\$ 4,634,792	\$ 5,668,510	\$ 5,479,383	\$ 15,782,685

See Independent Auditor's Report and Notes to Financial Statements.

National Council of Jewish Women, Inc.

Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions				
Grants and contributions, includes in-kind contributions of \$79,649	\$ 2,556,371	\$ 758,139	\$ 10,735	\$ 3,325,245
Membership dues	231,292	78,340	-	309,632
Legacies and bequests	104,225	2,286	-	106,511
Registration fees	54,778	-	-	54,778
Royalties	13,072	-	-	13,072
Interest and dividend income, net of fees of \$124,916	307,904	210,167	-	518,071
Net unrealized and realized gains (losses) on investments	(1,079,276)	69,501	-	(1,009,775)
Miscellaneous income	3,464	-	-	3,464
Total revenues, gains, and other support	2,191,830	1,118,433	10,735	3,320,998
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of time restrictions	288,427	(288,427)	-	-
Satisfaction of purpose restrictions	599,099	(599,099)	-	-
Total net assets released from restrictions	887,526	(887,526)	-	-
FUNCTIONAL EXPENSES				
Program services				
International	607,301	61,500	-	668,801
Domestic	1,123,605	-	-	1,123,605
Services to sections and members	1,672,029	30,000	-	1,702,029
Total program services	3,402,935	91,500	-	3,494,435
Supporting services				
General and administrative	592,856	-	-	592,856
Development	806,679	-	-	806,679
Total supporting services	1,399,535	-	-	1,399,535
Total functional expenses	4,802,470	91,500	-	4,893,970
Increase (decrease) in net assets, before change in value of split-interest agreements	(1,723,114)	139,407	10,735	(1,572,972)
Change in value of split-interest agreements	(18,936)	-	(21,147)	(40,083)
Increase (decrease) in net assets	(1,742,050)	139,407	(10,412)	(1,613,055)
NET ASSETS, beginning of year	7,748,246	5,526,051	5,534,049	18,808,346
NET ASSETS, end of year	\$ 6,006,196	\$ 5,665,458	\$ 5,523,637	\$ 17,195,291

See Independent Auditor's Report and Notes to Financial Statements.

National Council of Jewish Women, Inc.

Statement of Functional Expenses

Year Ended June 30, 2016

	Program Services			Supporting Services			Total Functional Expenses	
	International	Domestic	Services to Sections and Members	Total Program Services	General and Administrative	Development		Total Supporting Services
SALARIES AND RELATED EXPENSES								
Salaries and wages	\$ 267,988	\$ 542,850	\$ 708,455	\$ 1,519,293	\$ 308,441	\$ 383,411	\$ 691,852	\$ 2,211,145
Payroll taxes	23,366	46,202	59,786	129,354	17,429	25,845	43,274	172,628
Employee health and retirement benefits	21,997	71,582	77,948	171,527	23,005	40,207	63,212	234,739
Total salaries and related expenses	313,351	660,634	846,189	1,820,174	348,875	449,463	798,338	2,618,512
EXPENSES								
Life membership reimbursement	-	-	179,808	179,808	-	-	-	179,808
Consultants	71,648	90,118	120,926	282,692	251,171	95,120	346,291	628,983
Grants and contributions	170,130	27,034	-	197,164	-	-	-	197,164
National events	-	-	246,048	246,048	-	-	-	246,048
Occupancy	19,644	147,463	91,005	258,112	24,774	46,504	71,278	329,390
Printed and promotional materials	2,578	1,227	70,576	74,381	1,888	9,081	10,969	85,350
Supplies	1,320	3,504	5,760	10,584	2,046	4,486	6,532	17,116
Subscriptions and online services	113	3,138	52,203	55,454	1,170	22,636	23,806	79,260
Telephone	3,032	17,239	15,079	35,350	7,341	8,150	15,491	50,841
Travel, conferences, and meetings	5,386	44,071	8,619	58,076	4,750	18,982	23,732	81,808
Postage	3,458	12,339	65,743	81,540	5,768	9,070	14,838	96,378
Equipment rental and maintenance	1,708	10,798	5,696	18,202	2,511	5,038	7,549	25,751
Insurance	4,109	15,163	14,212	33,484	3,413	6,818	10,231	43,715
Dues to other organizations	507	51,709	200	52,416	2,786	625	3,411	55,827
Miscellaneous	4,613	1,442	2,388	8,443	69,344	806	70,150	78,593
Total expenses	288,246	425,245	878,263	1,591,754	376,962	227,316	604,278	2,196,032
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	601,597	1,085,879	1,724,452	3,411,928	725,837	676,779	1,402,616	4,814,544
DEPRECIATION AND AMORTIZATION	505	23,678	934	25,117	416	804	1,220	26,337
TOTAL FUNCTIONAL EXPENSES	\$ 602,102	\$ 1,109,557	\$ 1,725,386	\$ 3,437,045	\$ 726,253	\$ 677,583	\$ 1,403,836	\$ 4,840,881

National Council of Jewish Women, Inc.

Statement of Functional Expenses

Year Ended June 30, 2015

	Program Services			Supporting Services		Total Supporting Services	Total Functional Expenses
	International	Domestic	Services to Sections and Members	Total Program Services	General and Administrative		
SALARIES AND RELATED EXPENSES							
Salaries and wages	\$ 311,048	\$ 611,346	\$ 695,172	\$ 1,617,566	\$ 190,998	\$ 495,991	\$ 2,304,555
Payroll taxes	46,474	48,341	55,655	150,470	9,081	36,273	195,824
Employee health and retirement benefits	28,876	67,950	69,563	166,389	20,463	48,004	234,856
Total salaries and related expenses	<u>386,398</u>	<u>727,637</u>	<u>820,390</u>	<u>1,934,425</u>	<u>220,542</u>	<u>580,268</u>	<u>2,735,235</u>
EXPENSES							
Life membership reimbursement	-	-	188,288	188,288	-	-	188,288
Consultants	23,630	67,859	204,771	296,260	236,754	78,499	611,513
Grants and contributions	207,623	11,000	4,400	223,023	-	-	223,023
National events	-	-	87,634	87,634	-	-	87,634
Occupancy	19,885	173,605	83,870	277,360	20,473	49,774	347,607
Printed and promotional materials	2,196	7,123	84,760	94,079	3,761	13,169	111,009
Supplies	2,003	4,870	9,519	16,392	28,851	6,987	52,230
Subscriptions and online services	20	3,401	58,412	61,833	73	102	62,008
Telephone	4,684	19,369	15,511	39,564	7,287	10,140	56,991
Travel, conferences, and meetings	7,423	46,441	13,576	67,440	30,426	5,814	103,680
Postage	3,671	4,959	93,212	101,842	2,858	8,924	113,624
Equipment rental and maintenance	1,998	8,718	8,859	19,575	6,301	35,207	61,083
Insurance	5,226	17,771	15,910	38,907	3,546	9,458	51,911
Dues to other organizations	500	2,000	-	2,500	7,695	-	10,195
Miscellaneous	441	1,476	1,724	3,641	21,435	1,379	26,455
Total expenses	<u>279,300</u>	<u>368,592</u>	<u>870,446</u>	<u>1,518,338</u>	<u>369,460</u>	<u>219,453</u>	<u>2,107,251</u>
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	665,698	1,096,229	1,690,836	3,452,763	590,002	799,721	4,842,486
DEPRECIATION AND AMORTIZATION	<u>3,103</u>	<u>27,376</u>	<u>11,193</u>	<u>41,672</u>	<u>2,854</u>	<u>6,958</u>	<u>51,484</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 668,801</u>	<u>\$ 1,123,605</u>	<u>\$ 1,702,029</u>	<u>\$ 3,494,435</u>	<u>\$ 592,856</u>	<u>\$ 806,679</u>	<u>\$ 4,893,970</u>

National Council of Jewish Women, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2016	2015
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ (1,412,605)	\$ (1,613,056)
Adjustments to reconcile net increase (decrease) in net assets to net cash (used for) operating activities		
Depreciation and amortization	26,337	51,484
Net unrealized and realized (gains) losses on investments	1,057,600	1,009,775
Donated securities	(44,655)	(133,347)
Change in value of split-interest agreements	65,304	40,083
Amortization of deferred lease obligation and incentive	(34,292)	(16,458)
(Increase) decrease in assets		
Contributions receivable	(27,058)	(72,538)
Prepaid expenses and inventory	(6,979)	13,156
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	32,588	10,309
	(343,760)	(710,592)
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchases of investments	(2,967,627)	(5,032,114)
Proceeds from sale of investments	3,549,854	5,625,581
	582,227	593,467
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Payments of annuity obligations	(26,955)	(26,955)
Net increase (decrease) in cash and cash equivalents	211,512	(144,080)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	532,875	676,955
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 744,387	\$ 532,875

See Independent Auditor's Report and Notes to Financial Statements.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

a. Nature of Activities

National Council of Jewish Women, Inc. ("NCJW" or the "Organization") is a nonprofit, tax-exempt organization under Section 501 (c) (3), with 501 (h) election, of the Internal Revenue Code (the "IRC") whose purpose is to improve the lives of women, children, and families, and ensure individual freedoms and rights for all. Inspired by Jewish values, NCJW has been at the forefront of social change for more than a century. NCJW 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 65 local NCJW sections across the country obligated to follow NCJW resolutions and operate in accordance with NCJW bylaws. NCJW 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.

b. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Codification.

NCJW classifies and reports information regarding its financial position and activities in three classes of net assets - permanently restricted, temporarily restricted, and unrestricted.

Permanently Restricted Net Assets - Consist of endowment funds, which contain donor-imposed restrictions that stipulate the resources to be maintained permanently but permit NCJW to use or spend part or all of the income derived from the donated assets for unspecified purposes.

Temporarily Restricted Net Assets - Contain donor imposed restrictions that permit NCJW to use or spend the donated assets as specified. The restrictions are satisfied either by the passage of time and/or the actions of NCJW.

Unrestricted Net Assets - Consist of amounts that can be spent at the discretion of NCJW and have no donor restrictions associated with them.

c. Cash and Cash Equivalents

For purposes of the statements of cash flows, the NCJW considers all unrestricted highly liquid investments with an initial maturity of three months or less that are not held with a broker to be cash equivalents.

d. Promises to Give

Contributions are recognized when a donor makes a promise to give to NCJW that is, in substance, unconditional. The NCJW use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on management's analysis of specific promises made.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 1 - Summary or Significant Accounting Policies - Continued

e. Investments and Related Income

Investments are valued at fair value, which is the prevailing market value, with the resulting change in unrealized gains or losses included in the statements of activities. Dividend income is recorded on the ex-dividend date. Investment income is reported as increases in unrestricted net assets unless the donor has explicitly stipulated that income earned is to be used for a specific purpose. In that case, investment income is reported as increases in temporarily restricted net assets.

f. Property and Equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is being provided by the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is being provided by the straight-line method over the term of the lease.

g. Contributions

NCJW reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unpaid volunteers have made contributions of their time to develop NCJW's programs, principally in membership development and program services. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

During the year ended June 30, 2016 the Organization received donated professional services from their attorney. The donations are recorded at fair market value at the date of donation and are included in both revenue and expenses. The In-kind contributions for the year ended June 30, 2016 and 2015 consist of donated professional services of \$165,470 and \$79,649.

h. Concentration of Market and Credit Risks

NCJW's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and investments.

NCJW maintains cash in bank accounts with what it believes to be quality financial institutions to mitigate this risk. At times, cash balances may exceed federally insured limits. NCJW has not experienced any losses in such accounts.

In order to control market risk, NCJW has an investment committee that oversees its investment portfolio and engages professional investment managers. NCJW routinely monitors the market risk of its investment portfolio via asset allocation formulas and confirmed values from investment custodians. NCJW invests in a portfolio consisting of equities of financially strong corporations, U.S. government and agency obligations, corporate obligations, diversified funds, and investment partnerships.

Substantially all of NCJW's investments at June 30, 2016 are held by one financial institution.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 1 - Summary or Significant Accounting Policies - Continued

i. Use of Estimates

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

j. Income Taxes

Management evaluated the tax positions for NCJW, in accordance with the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether or not tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements, and concluded that NCJW had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. With few exceptions, NCJW is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2012, which is the standard statute of limitations look back period.

k. Subsequent Events

The Organization evaluated subsequent events for potential recognition and disclosure through October 20, 2016, the date the financial statements were available to be issued.

Note 2 - Contributions Receivable

Contributions receivable include unconditional promises to give as of June 30, 2016 and 2015:

	June 30	
	2016	2015
Receivable in less than one year	\$ 273,959	\$ 174,070
Receivable in one to five years	8,633	11,464
Total contributions receivable	282,592	185,534
Allowance for doubtful contributions	100,000	30,000
Total contributions receivable, net of allowance	<u>\$ 182,592</u>	<u>\$ 155,534</u>

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 3 - Investments

The following is a summary of investments held at June 30, 2016 and 2015:

Description	June 30, 2016		
	Cost	Fair Value	Unrealized Gain/(Loss)
Cash equivalents and cash equivalents	\$ 232,179	\$ 232,179	\$ -
Fixed income securities	880,869	919,776	38,907
Marketable equity securities	2,268,985	2,722,293	453,308
Mutual funds	10,158,672	10,051,926	(106,746)
Investments in investment funds	624,744	988,990	364,246
Totals	<u>\$ 14,165,449</u>	<u>\$ 14,915,164</u>	<u>\$ 749,715</u>

Description	June 30, 2015		
	Cost	Fair Value	Unrealized Gain/(Loss)
Cash equivalents and cash equivalents	\$ 370,428	\$ 370,428	\$ -
Fixed income securities	890,834	881,731	(9,103)
Marketable equity securities	2,964,199	3,791,680	827,481
Mutual funds	9,607,286	10,568,369	961,083
Investments in investment funds	624,744	898,128	273,384
Totals	<u>\$ 14,457,491</u>	<u>\$ 16,510,336</u>	<u>\$ 2,052,845</u>

These investments are held for the following purposes:

Description	June 30	
	2016	2015
Endowments	\$ 5,088,457	\$ 5,087,298
Section life membership fund	4,211,115	4,263,429
Gift annuities	153,750	161,582
Other program related purposes and general operations	5,461,842	6,998,027
Total	<u>\$ 14,915,164</u>	<u>\$ 16,510,336</u>

NCJW invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 4 - Fair Value Measurements

NCJW applies *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NCJW groups investments at fair value into three levels based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are

Level 1 - Inputs that reflect unadjusted quoted market prices in active exchange markets for identical assets or liabilities that NCJW has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimate.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lower level of input that is significant to the fair value measurement. NCJW's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by NCJW to measure different financial instruments at fair value, and the level within the fair value hierarchy in which the financial instrument is categorized.

Cash Equivalents, Marketable Securities, Mutual Funds, and Fixed Income Securities

The fair value of these securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Investments in Investment Funds:

These investments are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of the measurement date. In determining fair value, management utilizes valuations provided by the investment funds. The investment funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the investment funds which may include private placements and other securities for which prices are not readily available, are determined by the management or sponsor of the respective investment funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of NCJW's investments in investment funds generally represents the amount NCJW would expect to receive if it were to liquidate its investment in the investment fund, excluding any redemption charges that may apply. In accordance with *Fair Value Measurements and Disclosures*, NCJW categorizes its investments in investment funds based upon the level of the underlying assets in the investment fund.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 4 - Fair Value Measurements - Continued

Charitable 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, and are classified as Level 1 in the fair value hierarchy.

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. Accordingly, the beneficial interest in perpetual trusts is classified as Level 1.

The following fair value hierarchies, based on the definition provided in Fair Value Measurements, for those assets and liabilities that are measured at fair value on a recurring basis at June 30, 2016 and 2015, respectively.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 4 - Fair Value Measurements - Continued

	June 30, 2015			Total
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Investments				
Cash and cash equivalents at bro	\$ 370,428	\$ -	\$ -	\$ 370,428
Fixed income securities:				
U.S. Treasury	-	-	-	-
Government agency obligations	552,672	-	2,000	554,672
Corporate bonds	-	327,059	-	327,059
Marketable equity securities:				
Large cap growth	2,017,445	-	-	2,017,445
Large cap value	1,210,736	-	-	1,210,736
Small/Mid cap growth	1,197,529	-	-	1,197,529
Small/Mid cap value	786,365	-	-	786,365
International equities	2,381,711	-	-	2,381,711
Equities blend	153,389	-	-	153,389
Mutual funds:				
Fixed income	2,723,753	-	-	2,723,753
Equities	3,414,551	-	-	3,414,551
Multi-strategy	474,570	-	-	474,570
Investments in investment funds	-	-	898,128	898,128
 Total investments	 \$ 15,283,149	 \$ 327,059	 \$ 900,128	 \$ 16,510,336
 Perpetual trust held by third part	 \$ -	 \$ -	 \$ 453,223	 \$ 453,223
 Charitable gift annuity obligation	 \$ -	 \$ -	 \$ 116,446	 \$ 116,446

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 4 - Fair Value Measurements - Continued

The following represents a reconciliation of the activities for Level 3 assets and liabilities measured at fair value during the year ended June 30, 2016 and 2015:

	<u>Investments</u>	<u>Perpetual Trust Held by Third Party</u>	<u>Charitable Gift Annuity Obligations</u>
Balances at June 30, 2015	\$ 900,128	\$ 453,233	\$ 116,446
Payments to beneficiaries	-	-	(26,955)
Change in value including terminations	90,362	(44,254)	21,050
Balances at June 30, 2016	\$ 990,490	\$ 408,979	\$ 110,541
	<u>Investments</u>	<u>Perpetual Trust Held by Third Party</u>	<u>Charitable Gift Annuity Obligations</u>
Balances at June 30, 2014	\$ 769,709	\$ 474,380	\$ 124,465
Payments to beneficiaries	-	-	(26,955)
Change in value including terminations	130,419	(21,147)	18,936
Balances at June 30, 2015	\$ 900,128	\$ 453,233	\$ 116,446

Note 5 - Property and Equipment, Net

Property and equipment, net, at cost, consists of the following as of June 30, 2016 and 2015:

	June 30,	
	2016	2015
Computers and software	\$ 156,802	\$ 156,802
Furniture and fixtures	61,210	61,210
Leasehold improvements	336,540	336,540
Total	554,552	554,552
Less accumulated depreciation and amortization	483,388	457,050
Property and equipment, net	\$ 71,164	\$ 97,502

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 6 - Split Interest Agreements

NCJW is a 50% beneficiary in a beneficial interest trust. Under the trust, NCJW 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 permanently restricted gain or loss.

NCJW has a charitable gift annuity ("CGA") program whereby donors may contribute assets to the NCJW 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.

The following table summarizes the change in valuation of charitable gift annuity obligations as of June 30, 2016 and 2015:

	June 30,	
	2016	2015
Actuarial change including terminations	\$ 21,050	\$ 18,936
Annuity payments	<u>(26,955)</u>	<u>(26,955)</u>
Total	<u>\$ (5,905)</u>	<u>\$ (8,019)</u>

NCJW's investments at June 30, 2016 and 2015 include the multi-state gift annuity reserve pool of \$0 and \$161,582, respectively. These reserve amounts are restricted for the payments of annuity obligations only.

Note 7 - Commitments

NCJW has non-cancelable operating lease agreements for its headquarters and additional office space expiring at various dates through September 2018. The leases are subject to escalations for NCJW's pro rata share of increases in real estate taxes and other maintenance charges.

For the year ending June 30,	
2017	\$ 350,471
2018	278,919
2019	54,327
	<u>\$ 683,717</u>

Occupancy expense charged to operations, under these agreements, inclusive of escalations amounted to \$309,882 and \$338,277 for the years ended June 30, 2016 and 2015, respectively.

NCJW received an incentive of \$151,200 from a certain landlord for leasehold improvements. Such amount is included in leasehold improvements and deferred lease incentive and obligation in the accompanying statements of financial position, and is being amortized over the term of the lease of 10 years.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 8 - Pension Plan

NCJW has a contributory tax deferred annuity plan available to all employees after two years of service, as defined. NCJW 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 ½% of compensation pursuant to a salary reduction agreement.

For the years ended June 30, 2016 and 2015, pension expense was \$38,607 and \$49,998, respectively.

Note 9 - Funds Received from Closed Sections

When sections are closed, all remaining treasury is transferred to the national organization to be distributed accordingly. Income from closed sections at June 30, 2016 and 2015 are \$161,504 and \$75,747, respectively, of funds to be disbursed.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 10 - Restricted Net Assets

Below is a summary of restricted net assets held by NCJW and changes thereto during the years ended June 30, 2016 and 2015:

	June 30, 2016						
	Balance	Investment	Net	Total	Contributions	Appropriation	Balance
	July 1, 2015	Income Net of	Realized and			of Endowment	
		Investment	Unrealized	Assets for	Release from	June 30, 2016	
	Fees	Gains	Expenditure/	Restrictions			
Permanently restricted net assets							
Endowment							
Fund for the Future	\$ 2,637,436	\$ -	\$ -	\$ 2,637,436	\$ -	\$ -	\$ 2,637,436
Israel Endowment Fund	1,324,700	-	-	1,324,700	-	-	1,324,700
RIFIE Endowment Fund	652,000	-	-	652,000	-	-	652,000
Sobel Fund	33,986	-	-	33,986	-	-	33,986
Hebrew University High School Fund (Drabkin)	110,000	-	-	110,000	-	-	110,000
Isabelle G. Brown Memorial Fund	100,000	-	-	100,000	-	-	100,000
Lenore & George Feldman Memorial Fund	186,682	-	-	186,682	-	-	186,682
Lenore Feldman Fischler Leadership	25,600	-	-	25,600	-	-	25,600
Mayer Israel Memorial Trust	453,233	-	(44,254)	408,979	-	-	408,979
Total permanently restricted net assets	\$ 5,523,637	\$ -	\$ (44,254)	\$ 5,479,383	\$ -	\$ -	\$ 5,479,383
Temporarily restricted net assets							
Endowment							
Israel Endowment Fund	\$ -	\$ 30,648	\$ -	\$ 30,648	\$ -	\$ (30,648)	\$ -
RIFIE Endowment Fund	-	25,085	-	25,085	-	(25,085)	-
Sobel Fund	16,895	-	-	16,895	1,159	-	18,054
Hebrew University High School Fund (Drabkin)	-	2,545	-	2,545	-	(2,545)	-
Isabelle G. Brown Memorial Fund	-	3,064	-	3,064	-	(3,064)	-
Lenore Feldman Fischler Leadership	-	592	-	592	-	(592)	-
Mayer Israel Memorial Trust	-	21,512	-	21,512	-	(21,512)	-
Total endowment	16,895	83,446	-	100,341	1,159	(83,446)	18,054
Nonendowment							
Section Life Membership	4,263,429	177,727	-	4,441,156	-	(230,042)	4,211,114
Tidewater Memorial Fund	62,752	1,452	-	64,204	-	-	64,204
Israel Granting Program	125,935	-	-	125,935	103,372	(138,086)	91,221
Cincinnati Fund	122,736	2,840	-	125,576	-	(125,576)	-
Adelstein Estate Trust	-	-	-	-	450,000	-	450,000
Harry Reitman Loan Fund	6,228	-	-	6,228	-	-	6,228
Eva Kaye Bequest	357,980	-	-	357,980	6,921	(78,175)	286,726
Israel Programs	14,289	231	-	14,520	219,222	(81,527)	152,215
Plan A	61,301	-	-	61,301	13,816	(45,216)	29,901
Jewel Bellush Award Fund	9,980	-	-	9,980	-	(2,500)	7,480
The Foundation to Promote Open Society/OSI	176,733	-	-	176,733	-	(176,733)	-
Danbury Section	17,512	-	-	17,512	-	(1,000)	16,512
Ruth & Lewis Zalaznick Fund	85,299	1,973	-	87,272	-	(30,000)	57,272
Mandel Foundation	299,477	-	-	299,477	-	(49,655)	249,822
Jewish Funds for Justice	17,151	-	-	17,151	-	(17,151)	-
Pledges & charitable gift annuities for future years	27,761	-	-	27,761	-	-	27,761
Total nonendowment	5,648,563	184,223	-	5,832,786	793,331	(975,661)	5,650,456
Total temporarily restricted net assets	\$ 5,665,458	\$ 267,669	\$ -	\$ 5,933,127	\$ 794,490	\$ (1,059,107)	\$ 5,668,510

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 10 - Restricted Net Assets - Continued

	June 30, 2015						Balance June 30, 2015
	Balance July 1, 2014	Investment Income Net of Investment Fees	Net Realized and Unrealized Gains	Total	Contributions	Appropriation of Endowment Assets for Expenditure/ Release from Restrictions	
Permanently restricted net assets							
Endowment							
Fund for the Future	\$ 2,626,701	\$ -	\$ -	\$ 2,626,701	\$ 10,735	\$ -	\$ 2,637,436
Israel Endowment Fund	1,324,700	-	-	1,324,700	-	-	1,324,700
RIFIE Endowment Fund	652,000	-	-	652,000	-	-	652,000
Sobel Fund	33,986	-	-	33,986	-	-	33,986
Hebrew University High School Fund (Drabkin)	110,000	-	-	110,000	-	-	110,000
Isabelle G. Brown Memorial Fund	100,000	-	-	100,000	-	-	100,000
Lenore & George Feldman Memorial Fund	186,682	-	-	186,682	-	-	186,682
Lenore Feldman Fischler Leadership	25,600	-	-	25,600	-	-	25,600
Mayer Israel Memorial Trust	474,380	-	(21,147)	453,233	-	-	453,233
Total permanently restricted net assets	\$ 5,534,049	\$ -	\$ (21,147)	\$ 5,512,902	\$ 10,735	\$ -	\$ 5,523,637
Temporarily restricted net assets							
Endowment							
Israel Endowment Fund	\$ -	\$ 36,721	\$ -	\$ 36,721	\$ -	\$ (36,721)	\$ -
RIFIE Endowment Fund	-	18,073	-	18,073	-	(18,073)	-
Sobel Fund	15,523	-	-	15,523	1,372	-	16,895
Hebrew University High School Fund (Drabkin)	-	3,049	-	3,049	-	(3,049)	-
Isabelle G. Brown Memorial Fund	-	2,772	-	2,772	-	(2,772)	-
Lenore Feldman Fischler Leadership	-	710	-	710	-	(710)	-
Mayer Israel Memorial Trust	-	21,011	-	21,011	-	(21,011)	-
Total endowment	15,523	82,336	-	97,859	1,372	(82,336)	16,895
Nonendowment							
Section Life Membership	4,285,228	118,787	69,501	4,473,516	78,340	(288,427)	4,263,429
Tidewater Memorial Fund	61,059	1,693	-	62,752	-	-	62,752
Israel Granting Program	143,611	-	-	143,611	107,324	(125,000)	125,935
Cincinnati Fund	119,426	3,310	-	122,736	-	-	122,736
DeRoy Medal of Excellence	232	-	-	232	-	(232)	-
Harry Reitman Loan Fund	6,228	-	-	6,228	-	-	6,228
Eva Kaye Bequest	325,250	-	-	325,250	68,907	(36,179)	357,978
Israel Programs	-	277	-	277	102,127	(88,114)	14,290
Plan A	18,422	-	-	18,422	43,050	(171)	61,301
Jewel Bellush Award Fund	9,980	-	-	9,980	-	-	9,980
Danbury Section	-	-	-	-	18,512	(1,000)	17,512
The Foundation to Promote Open Society/OSI	199,625	-	-	199,625	200,000	(222,892)	176,733
Ruth & Lewis Zalaznick Fund	86,307	2,392	-	88,699	1,000	(4,400)	85,299
Mandel Foundation	229,141	-	-	229,141	100,000	(29,663)	299,478
Jewish Funds for Justice	17,141	-	-	17,141	10	-	17,151
Pledges & charitable gift annuities for future years	8,879	-	-	8,879	27,761	(8,879)	27,761
Total nonendowment	5,510,529	126,459	69,501	5,706,489	747,031	(804,957)	5,648,563
Total temporarily restricted net assets	\$ 5,526,052	\$ 208,795	\$ 69,501	\$ 5,804,348	\$ 748,403	\$ (887,293)	\$ 5,665,458

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 11 - Endowments

NCJW reports net assets associated with endowment funds based on the existence or absence of donor imposed restrictions. NCJW classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Investment returns on these permanent endowments are classified as unrestricted or temporarily restricted net assets depending on the absence or existence of donor imposed restrictions. Investment returns classified as temporarily restricted net assets are appropriated for expenditures in a manner consistent with the donor's wishes or NCJW's spending policy.

Interpretation of Relevant Law:

The Board of Trustees of NCJW has interpreted the New York Uniform Prudent Management of Institutional Funds Act ("NYUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NCJW classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by NCJW in a manner consistent with the standard of prudence prescribed by NYUPMIFA. In accordance with NYUPMIFA, NCJW considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds.

1. General investment objectives
2. Permitted and prohibited investments
3. Acceptable levels of risk
4. Asset allocation and diversification
5. Procedures for monitoring investment performance
6. Scope and terms of delegation of investment management functions
7. The investment managers accountability
8. Procedures for selecting and evaluating external agents
9. Processes for reviewing investment policies and strategies

Spending Policy and How the Investment Objectives Related to Spending Policy:

NCJW's investment policy aims to provide a predictable stream of funding to sufficiently support designated needs and preserve or enhance the real value of NCJW. Under this policy, investment assets, which include endowment fund assets, are invested in a manner that is expected to achieve a positive rate of return over the long term. NCJW's return objective is a blended target rate of 5% plus consumer price index ("CPI") for urban workers excluding energy and food. Actual returns in any given year may vary from this amount. Unless specifically set by the donor, NCJW shall annually appropriate an amount up to 5% of the average market value of the investment assets for the preceding three calendar years.

National Council of Jewish Women, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 11 - Endowments - Continued

During the years ended June 30, 2016 and 2015, NCJW had the following endowment related activities:

	Year Ended June 30, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, <i>beginning of year</i>	\$ -	\$ 16,895	\$ 5,523,637	\$ 5,540,532
Investment return:				
Investment income, net of fees	-	83,446	-	83,446
Net realized and unrealized gain (loss)	183,187	-	(44,254)	138,933
 Total investment return	 183,187	 100,341	 5,479,383	 5,762,911
Contributions	-	-	-	-
Appropriation of endowment assets for expenditures	(183,187)	(82,287)	-	(265,474)
 Endowment net assets, <i>end of year</i>	 <u>\$ -</u>	 <u>\$ 18,054</u>	 <u>\$ 5,479,383</u>	 <u>\$ 5,497,437</u>