

FINANCIAL STATEMENTS



MAKING CHANGE HAPPEN SINCE 1893

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

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, 2019, and the related statements of activities and changes in net assets, 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 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.

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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Prior Year Comparative Statements

The financial statements of the Organization for the year ended June 30, 2018 were audited by other auditors, whose report dated October 29, 2018, expressed an unmodified opinion on those statements.

Gelman Rosenberg & Freedman

November 3, 2019

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

ASSETS		2019	2018
ASSETS			
Cash and cash equivalents		\$ 1,276,453	\$ 1,346,980
Investments		16,099,720	16,888,121
Contributions receivable, net of allowance for doubtful accounts of \$100,000 in 2019 and 2018		186,974	105,622
Accounts receivable		84,925	-
Prepaid expenses and inventory		255,516	293,964
Perpetual trust held by third party		459,149	462,430
Right of use asset		1,511,228	-
Fixed assets, net		<u>18,915</u>	<u>11,986</u>
TOTAL ASSETS		<u>\$ 19,892,880</u>	<u>\$ 19,109,103</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued liabilities		\$ 680,277	\$ 543,504
Deferred income		68,383	-
Lease liability		1,621,811	-
Gift annuity obligations		<u>65,845</u>	<u>84,764</u>
Total liabilities		<u>2,436,316</u>	<u>628,268</u>
NET ASSETS			
Without donor restrictions		5,949,917	6,987,174
With donor restrictions		<u>11,506,647</u>	<u>11,493,661</u>
Total net assets		<u>17,456,564</u>	<u>18,480,835</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 19,892,880</u>	<u>\$ 19,109,103</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 2,355,438	\$ 759,248	\$ 3,114,686
Membership dues	29,023	8,400	37,423
Legacies and bequests	168,172		168,172
Royalty income	1,130	-	1,130
Investment income, net	766,340	94,583	860,923
Registration	156,070	42,060	198,130
Miscellaneous income	270,103	-	270,103
Net assets released from donor restrictions	<u>888,024</u>	<u>(888,024)</u>	<u>-</u>
Total revenue	<u>4,634,300</u>	<u>16,267</u>	<u>4,650,567</u>
EXPENSES			
Program Services:			
International	557,046	-	557,046
Domestic	1,063,800	-	1,063,800
Services to Sections and Members	<u>1,802,023</u>	<u>-</u>	<u>1,802,023</u>
Total program services	<u>3,422,869</u>	<u>-</u>	<u>3,422,869</u>
Supporting Services:			
General and Administration	1,772,159	-	1,772,159
Development	<u>476,554</u>	<u>-</u>	<u>476,554</u>
Total supporting services	<u>2,248,713</u>	<u>-</u>	<u>2,248,713</u>
Total expenses	<u>5,671,582</u>	<u>-</u>	<u>5,671,582</u>
(Decrease) increase in net assets, before changes in value of split-interest agreements	(1,037,282)	16,267	(1,021,015)
Changes in value of split-interest agreements	<u>25</u>	<u>(3,281)</u>	<u>(3,256)</u>
Changes in net assets	(1,037,257)	12,986	(1,024,271)
Net assets at beginning of year	<u>6,987,174</u>	<u>11,493,661</u>	<u>18,480,835</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,949,917</u>	<u>\$ 11,506,647</u>	<u>\$ 17,456,564</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 2,996,874	\$ 580,610	\$ 3,577,484
Membership dues	180,215	113,750	293,965
Legacies and bequests	307,057	201,130	508,187
Royalty income	10,647	-	10,647
Investment income, net	1,145,001	145,510	1,290,511
Miscellaneous income	5,286	-	5,286
Net assets released from donor restrictions	<u>1,250,279</u>	<u>(1,250,279)</u>	<u>-</u>
Total revenue	<u>5,895,359</u>	<u>(209,279)</u>	<u>5,686,080</u>
EXPENSES			
Program Services:			
International	430,349	-	430,349
Domestic	1,213,358	-	1,213,358
Services to Sections and Members	<u>1,412,371</u>	<u>-</u>	<u>1,412,371</u>
Total program services	<u>3,056,078</u>	<u>-</u>	<u>3,056,078</u>
Supporting Services:			
General and Administration	809,694	-	809,694
Development	<u>501,895</u>	<u>-</u>	<u>501,895</u>
Total supporting services	<u>1,311,589</u>	<u>-</u>	<u>1,311,589</u>
Total expenses	<u>4,367,667</u>	<u>-</u>	<u>4,367,667</u>
Increase (decrease) in net assets, before changes in value of split-interest agreements	1,527,692	(209,279)	1,318,413
Changes in value of split-interest agreements	<u>(17,666)</u>	<u>13,158</u>	<u>(4,508)</u>
Changes in net assets	1,510,026	(196,121)	1,313,905
Net assets at beginning of year	<u>5,477,148</u>	<u>11,689,782</u>	<u>17,166,930</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,987,174</u>	<u>\$ 11,493,661</u>	<u>\$ 18,480,835</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

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

	Program Services				Supporting Services			Total Expenses
	International	Domestic	Services to Sections and Members	Total Program Services	General and Administration	Development	Total Supporting Services	
Salaries	\$ 274,240	\$ 646,110	\$ 894,224	\$ 1,814,574	\$ 590,850	\$ 329,150	\$ 920,000	\$ 2,734,574
Benefits	19,610	52,788	61,203	133,601	52,311	23,643	75,954	209,555
Payroll taxes	17,572	42,036	59,507	119,115	37,000	21,001	58,001	177,116
Printing and production	244	6,720	83,602	90,566	23,155	307	23,462	114,028
Consultants	23,325	85,029	264,547	372,901	280,051	38,397	318,448	691,349
Lease expense	23,783	83,718	57,244	164,745	214,815	28,425	243,240	407,985
Insurance	6,526	12,254	15,980	34,760	6,628	7,800	14,428	49,188
Depreciation and amortization	1,522	-	-	1,522	6,332	-	6,332	7,854
Telephone	2,740	10,106	10,837	23,683	51,411	3,274	54,685	78,368
Travel and entertainment	45,547	79,297	214,254	339,098	73,967	3,942	77,909	417,007
Postage and delivery	2,474	4,902	70,389	77,765	4,713	3,093	7,806	85,571
Equipment rental and maintenance	-	11,472	1,091	12,563	71,382	1,485	72,867	85,430
Supplies	1,442	11,193	14,042	26,677	32,439	2,390	34,829	61,506
Dues and subscriptions	5,297	12,883	12,141	30,321	14,275	12,695	26,970	57,291
Bank fees	-	-	-	-	25,696	-	25,696	25,696
Grants to others	130,375	-	15,185	145,560	2,161	-	2,161	147,721
Miscellaneous	797	2,527	10,277	13,601	112,584	952	113,536	127,137
Dues to other organizations	1,552	2,765	-	4,317	28,035	-	28,035	32,352
Bad debt expense	-	-	-	-	144,354	-	144,354	144,354
Scholarships	-	-	17,500	17,500	-	-	-	17,500
TOTAL	\$ 557,046	\$ 1,063,800	\$ 1,802,023	\$ 3,422,869	\$ 1,772,159	\$ 476,554	\$ 2,248,713	\$ 5,671,582

See accompanying notes to financial statements.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services				Supporting Services			Total Expenses
	International	Domestic	Services to Sections and Members	Total Program Services	General and Administration	Development	Total Supporting Services	
Salaries	\$ 239,763	\$ 682,129	\$ 564,144	\$ 1,486,036	\$ 196,893	\$ 289,137	\$ 486,030	\$ 1,972,066
Benefits	14,077	50,482	40,421	104,980	16,381	15,798	32,179	137,159
Payroll taxes	22,554	94,301	38,179	155,034	24,928	49,158	74,086	229,120
Life member reimbursement	-	-	169,296	169,296	-	-	-	169,296
Printing and production	17,953	6,171	79,440	103,564	1,365	16,463	17,828	121,392
Consultants	19,094	62,383	245,780	327,257	298,425	82,145	380,570	707,827
Lease expense	19,312	188,459	57,935	265,706	66,634	19,312	85,946	351,652
Insurance	-	3,750	-	3,750	32,197	-	32,197	35,947
Depreciation and amortization	1,693	16,379	-	18,072	-	-	-	18,072
Telephone	189	12,847	2,493	15,529	31,569	-	31,569	47,098
Travel and entertainment	16,632	54,094	41,846	112,572	32,052	2,172	34,224	146,796
Postage and delivery	465	1,624	40,894	42,983	25,817	1,126	26,943	69,926
Equipment rental and maintenance	34	10,113	4,256	14,403	15,760	1,440	17,200	31,603
Supplies	297	3,363	2,799	6,459	31,590	378	31,968	38,427
Dues and subscriptions	-	1,494	10,221	11,715	6,011	24,683	30,694	42,409
Grants to others	76,286	22,500	18,100	116,886	-	-	-	116,886
Miscellaneous	-	1,187	95,567	96,754	2,365	83	2,448	99,202
Dues to other organizations	2,000	2,082	1,000	5,082	27,707	-	27,707	32,789
TOTAL	\$ 430,349	\$ 1,213,358	\$ 1,412,371	\$ 3,056,078	\$ 809,694	\$ 501,895	\$ 1,311,589	\$ 4,367,667

See accompanying notes to financial statements.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,024,271)	\$ 1,313,905
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	7,854	18,072
Net unrealized and realized gains on investments	(606,428)	(946,451)
Donated securities	-	(46,966)
Change in value of split-interest agreements	25	4,508
Amortization of deferred lease obligation and incentive	-	(26,555)
(Increase) decrease in:		
Contributions receivable	(81,352)	(5,303)
Accounts receivable	(84,925)	-
Prepaid expenses and inventory	38,448	(113,817)
Perpetual trust held by third party	3,281	-
Right of use asset	(1,511,228)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	136,773	(137,069)
Deferred income	68,383	-
Lease liability	<u>1,621,811</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(1,431,629)</u>	<u>60,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(14,783)	(11,416)
Purchase of investments	(1,809,602)	(13,650,234)
Proceeds from sale of investments	<u>3,204,431</u>	<u>14,170,396</u>
Net cash provided by investing activities	<u>1,380,046</u>	<u>508,746</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of annuity obligations	<u>(18,944)</u>	<u>(23,221)</u>
Net cash used by financing activities	<u>(18,944)</u>	<u>(23,221)</u>
Net (decrease) increase in cash and cash equivalents	(70,527)	545,849
Cash and cash equivalents at beginning of year	<u>1,346,980</u>	<u>801,131</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,276,453</u>	<u>\$ 1,346,980</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Council of Jewish Women, Inc. (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 60 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended June 30, 2019 and applied retrospectively.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less and excluding money market funds held by investment managers in the amount of \$727,479 and \$502,934 for the years ended June 30, 2019 and 2018, 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 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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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. Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. The amount of the tax for the year ended June 30, 2019 is immaterial. The Organization is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2019 and 2018, 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.

Deferred revenue -

Deferred revenue consists of member dues received in advance of the membership period.

Net asset classification -

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

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) 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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

Net asset classification (continued) -

- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions -

Contributions received without donor restrictions and with donor restrictions are recorded as revenue in the year notification is received from the donor. Contributions with 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 restriction in the accompanying financial statements.

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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

Risks and uncertainties (continued) -

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of \$6,987,174 are now classified as without donor restrictions. Net assets previously classified as temporarily restricted net assets and permanently restricted net assets in the amount of \$5,954,827 and \$5,538,834, respectively, are now classified as net assets with donor restrictions.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606).

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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

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

The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organization has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

The Organization plans to adopt the new ASUs at the respective required implementation dates.

2. INVESTMENTS

Investments consisted of the following as of June 30, 2019 and 2018:

	Value	
	2019	2018
Cash and cash equivalents	\$ 727,479	\$ 502,934
Fixed income	2,802,823	2,741,543
Equities	10,247,350	9,390,732
Mutual funds	-	4,252,912
Alternative assets	2,322,068	-
TOTAL INVESTMENTS	\$ 16,099,720	\$ 16,888,121

Included in investment income are the following:

	2019	2018
Interest and dividends	\$ 355,042	\$ 420,127
Unrealized gain (loss)	483,733	(1,683,823)
Realized gain	122,695	2,630,280
Investment expenses provided by external investment advisors and allocated internal management costs	(100,547)	(76,073)
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	\$ 860,923	\$ 1,290,511

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, 2019 AND 2018

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, 2019 and 2018. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds (Cash and cash equivalents)* - The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Common stocks (Equities)* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by 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, 2019 AND 2018**

2. INVESTMENTS (Continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2019</u>
Asset Class:				
Cash and cash equivalents	\$ 727,479	\$ -	\$ -	\$ 727,479
Fixed income	566,178	2,236,645	-	2,802,823
Equities	10,247,350	-	-	10,247,350
Alternative assets	<u>-</u>	<u>780,267</u>	<u>1,541,801</u>	<u>2,322,068</u>
TOTAL INVESTMENTS	<u>\$ 11,541,007</u>	<u>\$ 3,016,912</u>	<u>\$ 1,541,801</u>	<u>\$ 16,099,720</u>
Perpetual Trust Held by Third Party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,149</u>	<u>\$ 459,149</u>
Gift Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,845</u>	<u>\$ 65,845</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, 2018 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2018</u>
Asset Class:				
Cash and cash equivalents	\$ 502,934	\$ -	\$ -	\$ 502,934
Fixed income	1,363,547	1,375,986	2,010	2,741,543
Equities	9,390,732	-	-	9,390,732
Mutual funds	<u>3,053,792</u>	<u>-</u>	<u>1,199,120</u>	<u>4,252,912</u>
TOTAL INVESTMENTS	<u>\$ 14,311,005</u>	<u>\$ 1,375,986</u>	<u>\$ 1,201,130</u>	<u>\$ 16,888,121</u>
Perpetual Trust Held by Third Party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,430</u>	<u>\$ -</u>
Gift Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,764</u>	<u>\$ 84,764</u>

Level 3 Financial Assets and Liabilities

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2019:

	<u>Investments</u>	<u>Perpetual Trust Held by Third Party</u>	<u>Gift Annuity Obligations</u>
Beginning balance as of July 1, 2018	\$ 1,201,130	\$ 462,430	84,764
Change in value	340,671	(3,281)	25
Payments and distributions	<u>-</u>	<u>-</u>	<u>(18,944)</u>
BALANCE AS OF JUNE 30, 2019	<u>\$ 1,541,801</u>	<u>\$ 459,149</u>	<u>\$ 65,845</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

2. INVESTMENTS (Continued)

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, 2018:

	<u>Investments</u>	<u>Perpetual Trust Held by Third Party</u>	<u>Gift Annuity Obligations</u>
Beginning balance as of July 1, 2018	\$ 1,094,213	449,272	90,319
Change in value	106,917	13,158	17,666
Payments and distributions	<u>-</u>	<u>-</u>	<u>(23,221)</u>
BALANCE AS OF JUNE 30, 2018	<u>\$ 1,201,130</u>	<u>\$ 462,430</u>	<u>\$ 84,764</u>

3. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 61,210	\$ 61,210
Computer equipment	183,365	168,218
Leasehold improvements	<u>336,540</u>	<u>336,540</u>
Total fixed assets	581,115	565,968
Less: Accumulated depreciation and amortization	<u>(562,200)</u>	<u>(553,982)</u>
NET FIXED ASSETS	<u>\$ 18,915</u>	<u>\$ 11,986</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.

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.

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 84,764	\$ 90,319
Actuarial change including terminations	25	17,666
Annuity payments	<u>(18,944)</u>	<u>(23,221)</u>
TOTAL	<u>\$ 65,845</u>	<u>\$ 84,764</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Benchmark OSF	\$ 200,465	\$ 201,591
Rose L Shure & Sidney N Shure Leadership Development Fund	195,422	195,422
Section Life Member Fund	3,893,186	4,237,107
Israel Endowment Fund	41,037	23,613
Israel Programs	247,188	230,605
Israel Granting Program	94,012	88,118
RIFIE - Hebrew University Endowment	8,466	-
Lenore & George Feldman Fischler Drabkin Fund	3,218	456
Eva Kaye Bequest	1,454	1,961
Adelstein Estate and Trust	126,868	173,794
Jewel Bellush Award Fund	449,991	460,353
Danbury Section Fund	5,077	7,480
Tidewater Memorial Fund	15,512	15,512
Isabell G Brown Memorial Fund	67,510	66,645
Sobel Fund	3,104	1,782
Harry Reitman Loan Fund	20,733	20,032
Ruth & Louis Zalaznick Fund	6,228	6,228
Mandel Website Grant	34,627	34,183
Northern Virginia Section - Trafficking	111,229	162,184
Rockefeller Philanthropy Advisors	27,761	27,761
Morningstar Foundation	197,791	-
Walter and Elise Haas Fund	27,937	-
	<u>30,000</u>	<u>-</u>
	<u>5,808,816</u>	<u>5,954,827</u>
Subject to passage of time	<u>125,000</u>	<u>-</u>
Endowments to be invested in perpetuity:		
Fund for the Future	2,680,714	2,643,436
Israel Endowment Fund	1,324,700	1,324,700
RIFIE - Hebrew University Endowment	652,000	652,000
Sobel Fund	33,986	33,986
Drakbin Fund	110,000	110,000
Isabelle G Brown Memorial Fund	100,000	100,000
Mayer Israel Memorial Fund	459,149	462,430
Lenore & George Feldman Memorial Fund	186,682	186,682
Lenore F. Fischler Leadership Development	25,600	25,600
	<u>5,572,831</u>	<u>5,538,834</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 11,506,647</u>	<u>\$ 11,493,661</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

5. 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:

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished:		
Benchmark OSF	\$ 201,126	\$ 198,409
Rose L Shure & Sidney N Shure Leadership Development Fund	15,185	6,600
Section Life Member Fund	407,336	493,231
Israel Endowment Fund	83	-
Israel Programs	12,294	-
Israel Granting Program	106,000	61,035
RIFIE - Hebrew University Endowment	-	12,751
Drabkin Fund	1,961	-
Eva Kaye Bequest	50,000	37,501
Adelstein Estate and Trust	16,313	6,758
Jewel Bellush Award Fund	2,500	-
Ruth & Louis Zalaznick Fund	15,000	10,000
Mandel Website Grant	50,956	193,669
Rockefeller Philanthropy Advisors	2,207	-
Morningstar Foundation	7,063	-
Mayer Israel Trust	-	18,543
Section Life Membership	-	<u>211,782</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 888,024</u>	<u>\$ 1,250,279</u>

6. LIQUIDITY AND AVAILABILITY

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,276,453	\$ 1,346,980
Investments	16,099,720	16,888,121
Accounts receivable	84,925	-
Contributions receivable	<u>186,974</u>	<u>105,622</u>
Subtotal financial assets available within one year	17,648,072	18,340,723
Less: Donor restricted funds	<u>(11,381,647)</u>	<u>(11,493,661)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 6,266,425</u>	<u>\$ 6,847,062</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

6. LIQUIDITY AND AVAILABILITY (Continued)

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019 and 2018, the Organization has financial assets equal to approximately 13 and 19 months of operating expenses.

7. LEASE COMMITMENTS

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

During 2019, the Organization elected to early implement Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02 related to leases. ASU 2016-02 requires the recognition of a right-of-use asset and corresponding lease liability, initially measured at the present value of the lease payments. Accordingly, with the early adoption and implementation of the ASU using a prospective approach, the Organization recorded right-of-use asset and operating lease liability of \$1,702,498 by calculating the net present value of the lease commitments using discount rate of 5%. The right-of-use asset and operating lease liability are being amortized over the respective life of the lease. As of June 30, 2019, the unamortized right-of-use asset was valued at \$1,511,228 and the unamortized operating lease liability were valued at \$1,621,811.

Rent and other operating costs included in occupancy for the years ended June 30, 2019 and 2018 totaled \$370,554 and \$333,297, respectively.

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

<u>Year Ending June 30,</u>	
2020	\$ 281,447
2021	292,705
2022	304,413
2023	316,590
2024	329,253
Thereafter	<u>371,050</u>
	1,895,458
Less: Imputed Interest	<u>(273,647)</u>
TOTAL OPERATING LEASE LIABILITY	<u>\$ 1,621,811</u>

8. 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.

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

8. RETIREMENT PLAN (Continued)

Contributions to the Plan during the years ended June 30, 2019 and 2018 totaled \$21,292 and \$32,894, respectively.

9. 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 of (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 appropriate 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, 2019:

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

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

9. ENDOWMENT (Continued)

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

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,586,678	\$ 5,586,678
Investment return, net	-	32,212	32,212
Contributions	-	37,278	37,278
Appropriation of endowment assets for expenditure	-	(2,044)	(2,044)
Other changes	-	(3,281)	(3,281)
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 5,650,843</u>	<u>\$ 5,650,843</u>

Endowment net asset composition by type of fund as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 5,538,834	\$ 5,538,834
Accumulated investment earnings	-	47,844	47,844
TOTAL ENDOWMENT FUNDS	<u>\$ -</u>	<u>\$ 5,586,678</u>	<u>\$ 5,586,678</u>

During the year ended June 30, 2018, the Organization had the following endowment related activities:

	Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,538,762	\$ 5,538,762
Investment return, net	130,318	72,082	202,400
Contributions	-	6,000	6,000
Appropriation of endowment assets for expenditure	(130,318)	(30,166)	(160,484)
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 5,586,678</u>	<u>\$ 5,586,678</u>

NATIONAL COUNCIL OF JEWISH WOMEN, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

9. ENDOWMENT (Continued)

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, 2019 and 2018.

Return Objectives and Risk Parameters -

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

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

Strategies Employed for Achieving Objectives -

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

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

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

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 3, 2019, the date the financial statements were issued.