

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Los Angeles Section
National Council of Jewish Women

Report on the Financial Statements

We have audited the accompanying financial statements of Los Angeles Section National Council of Jewish Women (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2021, and 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.

Auditors' 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 auditors' 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 Los Angeles Section National Council of Jewish Women as of June 30, 2021, 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Los Angeles Section National Council of Jewish Women's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Pasadena, California
December 22, 2021

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

STATEMENT OF FINANCIAL POSITION

June 30, 2021

With comparative totals at June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
ASSETS				
Cash	\$ 285,896	\$ 169,126	\$ 455,022	\$ 550,045
Accounts receivable			-	150,920
Prepaid expenses and other assets (Note 4)	527,421		527,421	524,153
Investments (Note 5)	9,661,520		9,661,520	1,031,836
Property and equipment (Note 7)	250,972		250,972	744,445
	10,725,809	169,126	10,894,935	3,001,399
TOTAL ASSETS				
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses (Note 8)	\$ 411,426	\$ -	\$ 411,426	\$ 629,218
Accrued unemployment liability (Note 9)	103,080		103,080	75,090
Paycheck protection program (Note 11)			-	1,055,700
	514,506	-	514,506	1,760,008
TOTAL LIABILITIES				
COMMITMENTS AND CONTINGENCIES (Notes 9, 12, and 15)				
NET ASSETS				
Without donor restrictions				
General (Note 2)	8,411,303		8,411,303	121,707
Board-designated reserves (Note 2 and 12)	1,800,000		1,800,000	925,000
With donor restrictions (Note 13)		169,126	169,126	194,684
	10,211,303	169,126	10,380,429	1,241,391
TOTAL NET ASSETS				
TOTAL LIABILITIES AND NET ASSETS				
	\$ 10,725,809	\$ 169,126	\$ 10,894,935	\$ 3,001,399

The accompanying notes are an integral part of these financial statements.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

STATEMENT OF ACTIVITIES
For the year ended June 30, 2021
With comparative totals for the year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
PUBLIC SUPPORT AND REVENUE				
Council thrift shops				
Thrift shop sales	\$ 5,376,298	\$ -	\$ 5,376,298	\$ 6,017,275
Less: thrift shop operating costs	(5,557,253)		(5,557,253)	(6,929,622)
Net council thrift shops (loss)	(180,955)	-	(180,955)	(912,347)
Paycheck protection program loan - forgiveness (Note 11)	1,055,700		1,055,700	-
Grants - government	1,037,753		1,037,753	594,532
Contributions	100,656	68,340	168,996	227,082
Grants - other	93,000		93,000	50,000
Other income	39,608		39,608	550,000
Special events less expenses of \$14,848	23,826		23,826	7,950
Program service revenue	5,401		5,401	6,179
Donated goods to program (Note 14)	4,023		4,023	51,078
Rental income	150		150	86,811
In-kind contributions of services			-	1,318
Membership dues			-	21
Net assets released from restrictions (Note 13)	93,898	(93,898)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,273,060	(25,558)	2,247,502	662,624
EXPENSES				
Program services				
Critical Response	1,220,371		1,220,371	640,989
Communication and Outreach	189,142		189,142	151,136
Enrichment	301,852		301,852	205,189
Advocacy and Legislative Community Engagement	203,691		203,691	232,666
Change The Talk			-	456,395
	1,915,056	-	1,915,056	1,686,375
Support services				
Management and general	392,575		392,575	340,969
Fundraising	128,612		128,612	234,280
	521,187	-	521,187	575,249
TOTAL EXPENSES	2,436,243	-	2,436,243	2,261,624
CHANGE IN NET ASSETS FROM OPERATIONS	(163,183)	(25,558)	(188,741)	(1,599,000)
OTHER CHANGES				
Gain on sale of property	8,618,124		8,618,124	-
Investment income, net of fees	709,655		709,655	42,605
CHANGE IN NET ASSETS	9,164,596	(25,558)	9,139,038	(1,556,395)
NET ASSETS, BEGINNING OF YEAR	1,046,707	194,684	1,241,391	2,797,786
NET ASSETS, END OF YEAR	\$ 10,211,303	\$ 169,126	\$ 10,380,429	\$ 1,241,391

The accompanying notes are an integral part of these financial statements.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021
With comparative totals for the year ended June 30, 2020

	Program Services					Total Program Services	Support Services		Total Support Services	Total Expenses	
	Critical Response	Communication and Outreach	Enrichment	Advocacy and Legislative Community Engagement	Change the Talk		Management and General	Fundraising		2021	2020
Salaries and wages	\$ 154,415	\$ 144,678	\$ 134,843	\$ 135,388	\$ -	\$ 569,324	\$ 89,579	\$ 74,565	\$ 164,144	\$ 733,468	\$ 935,702
Employee benefits and payroll taxes	28,078	20,322	26,365	24,861	-	99,626	34,521	17,283	51,804	151,430	196,598
Total personnel expenses	182,493	165,000	161,208	160,249	-	668,950	124,100	91,848	215,948	884,898	1,132,300
Programs - direct expenditures	998,777		1,740	1,248		1,001,765			-	1,001,765	424,498
Office expense	510	1,837	2,598	141		5,086	160,152	624	160,776	165,862	127,531
Professional services	3,856	3,428	33,366	10,721		51,371	4,712	22,645	27,357	78,728	2,878
Scholarship awarded			74,050			74,050			-	74,050	57,300
Equipment/computer support	5,680	2,104	4,131	3,996		15,911	37,761	907	38,668	54,579	53,489
Depreciation and amortization	7,722	3,903	7,722	7,722		27,069	20,707	944	21,651	48,720	108,202
Insurance	7,058	6,560	6,757	6,929		27,304	9,622	5,341	14,963	42,267	66,416
Human resource services	3,789	734	3,789	3,336		11,648	17,143	1,520	18,663	30,311	22,369
Utilities	3,448	1,533	3,383	3,166		11,530	4,913	474	5,387	16,917	29,711
Occupancy/repairs and maintenance	2,088	1,011	2,088	2,088		7,275	4,600	244	4,844	12,119	38,985
Professional development	75	49	75	365		564	6,705		6,705	7,269	11,731
Printing and publications	130	2,983	50	20		3,183	1,035	417	1,452	4,635	13,051
Postage and shipping	202		395	110		707	318	3,621	3,939	4,646	1,079
Awards/stipends	500		500	3,600		4,600			-	4,600	101,846
Donated goods to program (Note 14)	4,023					4,023			-	4,023	51,078
Advertising/communications and marketing						-	449		449	449	3,559
Interest expense						-	358		358	358	12,172
Travel and business meals	20					20		27	27	47	2,111
Professional services - in-kind						-			-	-	1,318
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 1,220,371	\$ 189,142	\$ 301,852	\$ 203,691	\$ -	\$ 1,915,056	\$ 392,575	\$ 128,612	\$ 521,187	\$ 2,436,243	
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 640,989	\$ 151,136	\$ 205,189	\$ 232,666	\$ 456,395	\$ 1,686,375	\$ 340,969	\$ 234,280	\$ 575,249		\$ 2,261,624

The accompanying notes are an integral part of these financial statements.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

STATEMENT OF CASH FLOWS
For the year ended June 30, 2021
With comparative totals for the year ended June 30, 2020

	2021	2020
CASH FLOWS (TO) OPERATING ACTIVITIES:		
Change in net assets	\$ 9,139,038	\$ (1,556,395)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation and amortization	111,771	198,195
Donated securities	(10,029)	-
Reinvested dividends and interest	(78,141)	(25,070)
(Gain) on investments, net of fees	(631,514)	(7,639)
(Gain) on sale of property	(8,618,124)	-
(Increase) decrease in operating assets:		
Paycheck protection program loan forgiveness	(1,055,700)	
Accounts receivable	150,920	(125,135)
Prepaid expenses and other assets	(3,268)	(170,426)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(189,802)	(118,912)
NET CASH (USED) BY OPERATING ACTIVITIES	(1,184,849)	(1,805,382)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	490,000	875,000
Purchase of investments	(8,400,000)	(4,949)
Proceeds from sale of property	9,026,925	-
Purchase of property and equipment	(27,099)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,089,826	870,051
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program	-	1,055,700
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	1,055,700
NET (DECREASE) INCREASE IN CASH	(95,023)	120,369
CASH, BEGINNING OF YEAR	550,045	429,676
CASH, END OF YEAR	\$ 455,022	\$ 550,045

The accompanying notes are an integral part of these financial statements.

LOS ANGELES SECTION NATIONAL COUNCIL OF JEWISH WOMEN

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Los Angeles Section National Council of Jewish Women (“NCJW|LA”) is a 501(c)(3) organization founded in 1909. NCJW|LA is dedicated to advancing economic justice and equity for working women in Los Angeles.

The following is an overview of the 2020-2021 programs, services, and operations:

Critical Response Services

In March of 2020, our Rental Assistance Program was transitioned into an Emergency Rental Assistance Program to support people and households directly impacted by the COVID-19 pandemic. We rapidly transitioned the program to a virtual model. The program typically serves about 40 households annually. During the 2020-2021 fiscal year, we served more than 500 households.

In the spring of 2021, we launched our micro-pilot Guaranteed Income Program for healthcare workers. The program cohort of 12, along with 18 in the control group were recruited and selected prior to the end of the fiscal year. The first month of fund distribution to participants was July 2021.

Enrichment Services

The Scholarship Program assisted people struggling financially to return to school and complete their degrees, preparing them to enter and/or re-enter the workforce. The program was expanded to include one new scholarship in the 2020-2021 year.

Advocacy & Community Engagement (ACE)

NCJW|LA works toward creating a just society and supports the needs of women, children, and families by training people to become effective advocates. Members and volunteers participate in an annual Lobby Day on behalf of important bills around issues that range from economic justice, gender-related violence, human trafficking, immigration rights, gun violence prevention, children’s rights, and reproductive justice. In 2020-2021, Lobby Day was again virtual. The ACE program raises awareness about the impact of these issues through campaigns, special events, and educational outreach programs.

Council Thrift Shops

Operated by NCJW|LA for more than 90 years, The Council Shops generate a substantial portion of NCJW|LA’s unrestricted operating budget. As a direct community service, The Council Shops supports the Clothing Voucher Program which provides clothing and home goods to people in need through partnerships with Los Angeles-based organizations and agencies, including shelters and workforce programs among others.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

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:

Without Donor Restrictions – General. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Without Donor Restrictions – Board Designated Reserves. These are comprised of resources that the Board of Directors has established as being designated for operating reserves. The without donor restrictions board designated reserves for the year ended June 30, 2021 was \$1,800,000 (see Note 12).

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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.

Accounts Receivable

Accounts receivable are stated at an amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Contributions and Pledges Receivable

Contributions consist primarily of donations from foundations, businesses, and the general public. Unconditional contributions, including pledges recorded at estimated net realizable value, are recognized as revenues in the period committed. NCJW|LA reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Investments

NCJW|LA's investments are monitored by the Finance Committee of the Board of Directors. NCJW|LA values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain on investments. Short-term highly liquid money market funds that are not used for operations are treated as investments.

NCJW|LA holds investments in the form of short-term money market investments, exchange traded funds, and fixed income securities. The Finance Committee routinely reviews market values of such investments.

NCJW|LA invests in companies whose business conduct is consistent with its values, goals, and beliefs.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

NCJW|LA is required to measure certain investments and non-cash contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relates to each element.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the lease term. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year. Useful lives of the related assets are as follows:

Building and improvements	10-30 years
Furniture and equipment	5-10 years
Software	5 years

Impairment of Long-lived Assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, at least annually. If an impairment event exists due to the projected inability to recover the carrying value of an asset or asset group, an impairment loss is recognized to the extent that the carrying value exceeds estimated fair value. No impairment provision was recorded by the NCJW|LA during the year ended June 30, 2021.

Revenue and Revenue Recognition

A significant portion of NCJW|LA's revenue is derived from point-of-purchase sales at its Council Thrift Shops and via online sales. NCJW|LA records this revenue at the time of purchase by the consumer.

A portion of NCJW|LA's revenue is also derived from cost-reimbursable contracts and grants, which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NCJW|LA has incurred expenditures in compliance with specific contract or grant provisions and/or meet the performance requirements.

NCJW|LA recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risks

NCJW|LA places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. NCJW|LA has not incurred losses related to these investments.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are measured on a non-recurring basis, and recorded at fair value in the period received.

Donated materials and services of \$4,023 (for donated goods to program) have been recorded on the accompanying financial statements, of which no amount is included in the in-kind services for the Council Thrift Shops for the year ended June 30, 2021.

NCJW|LA records the value of goods donated for thrift shop sales when the goods are sold. Management believes that it is not possible to develop a reasonable estimate for the value of the inventory at the time of contribution. Accordingly, NCJW|LA does not record an inventory balance for goods held in stock within the thrift stores. Donated materials provided to needy families and individuals are recorded as donated revenues and expenses, when distributed, at the estimated fair value of similar clothing sold in the thrift shops (see Note 14).

Certain NCJW|LA programs usually rely upon the extensive use of volunteer time, but because of COVID 19, during the 2021 fiscal year, volunteering was limited to our Board of Directors and Program Committee.

Sales Tax

All applicable sales taxes are calculated based on the total sales price for the qualifying goods sold. All sales taxes are presented on the net basis and as such are excluded from revenues and costs.

Income Taxes

NCJW|LA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). In addition, NCJW|LA has been determined by the Internal Revenue Service and the Franchise Tax Board not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code and Section 23709 of the Taxation Code.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by NCJW|LA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. NCJW|LA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing NCJW|LA's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. NCJW|LA uses square footage, time studies, and percentage of use estimates to allocate indirect costs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NCJW|LA's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassification

For comparability, certain June 30, 2020 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2021.

Subsequent events

Management has evaluated subsequent events through December 22, 2021, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources

NCJW|LA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of liquidity management, NCJW|LA has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. NCJW|LA has various sources of liquidity at its disposal, including cash, cash equivalents and marketable investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, NCJW|LA considers all expenditures related to its ongoing activities and the pattern of income from Thrift Stores, grants, fundraising, and investments. The Finance Committee of the Board of Directors meets quarterly to review all financial aspects of the organization and with NCJW|LA's financial advisors to review investment results, assess risk, and make recommendations for changes as needed.

As of June 30, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and money market funds	\$ 493,915
Investments (excluding money market included above)	<u>9,622,627</u>
	10,116,542
Less: unemployment trust cash reserve	<u>(49,299)</u>
	<u>\$10,067,243</u>

4. Prepaid Expenses and Other Assets

Prepaid expenses and other assets at June 30, 2021 consist of the following:

Prepaid rent and insurance	\$402,441
Thrift store rental deposits and other	<u>124,980</u>
	<u>\$527,421</u>

5. Investments

Investments at June 30, 2021 consist of the following:

Exchange traded funds (ETF)	\$9,440,760
Mutual funds	161,654
Money market funds	38,893
Stock	11,799
Fixed income	<u>8,414</u>
	<u>\$9,661,520</u>

continued

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

5. Investments, continued

Investment activity during the year ended June 30, 2021 was as follows:

Balance, beginning of year	\$1,031,836
Reinvested dividends and interest	78,141
Investment fees	(20,902)
Deposits/donated securities	8,410,029
Withdrawals	(490,000)
Realized gain on investments	<u>652,416</u>
	<u>\$9,661,520</u>

6. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2021 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETF's	\$9,440,760	\$ -	\$ -	\$9,440,760
Mutual funds	161,654			161,654
Money market funds	38,893			38,893
Corporate stock	11,799			11,799
Corporate bonds		<u>8,414</u>		<u>8,414</u>
	<u>\$9,653,106</u>	<u>\$8,414</u>	<u>\$ -</u>	<u>\$9,661,520</u>

The fair value of ETF's, money market funds, mutual funds, and corporate stock within the Level 1 inputs are based on quoted market prices as of the closing of the last business day of the fiscal year.

The fair value of corporate bonds within the Level 2 inputs are based on quoted prices in active or inactive markets for the same or similar assets.

continued

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

7. Property and Equipment

Property and equipment at June 30, 2021 consist of the following:

Furniture, fixtures, and equipment	\$ 642,091
Computer software and hardware	183,257
Leasehold improvements	<u>731,395</u>
	1,556,743
Less: accumulated depreciation and amortization	<u>(1,305,771)</u>
	<u>\$ 250,972</u>

Depreciation and amortization expense for the year ended June 30, 2021 was \$111,771, of which \$63,051 is included in the Thrift Shops operating costs shown net of revenues. As such, depreciation and amortization expense for the year ended June 30, 2021 on the Statement of Functional Expense is \$48,720, which excludes the Thrift Shops portion.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2021 consist of the following:

Accrued vacation	\$150,040
Accrued payroll	122,646
Accounts payable	60,610
Sales tax payable	46,678
Other accrued liabilities	16,511
Accrued straight-line rent	<u>14,941</u>
	<u>\$411,426</u>

9. Accrued Unemployment Liability

NCJW|LA has elected to be self-insured for purposes of California State Unemployment Insurance. Under this method, NCJW|LA does not make contributions to the State Unemployment Insurance Fund. It currently uses Unemployment Service Trust to handle its claims for unemployment benefits paid to eligible ex-employees. Under this election, NCJW|LA has established a provision for future claims, the accrued unemployment liability, of \$103,080 at June 30, 2021. NCJW|LA makes quarterly deposits to the trust based on an estimated, expected value of future benefits. Cash held by the trust on behalf of NCJW|LA in the amount of \$49,299 is included in cash at June 30, 2021. Unemployment claims for the year ended June 30, 2021 were \$328,444.

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**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

10. Line of Credit

NCJW|LA has a revolving line of credit in the amount of \$100,000 with a bank, at an initial interest rate of the bank reference rate plus three percentage points. There is no outstanding balance on the line of credit at June 30, 2021.

11. Paycheck Protection Program Loan

In April 2020, NCJW|LA received a loan in the amount of \$1,055,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for advances to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan was forgivable after a period of up to twenty-four weeks (the “covered period”) as long as the borrower used the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness would be reduced if the borrower terminated employees or reduced salaries during the covered period.

Any unforgiven portion of the PPP funding is payable over two years at an interest rate of 1%, with a deferral period for loan payments of either (1) the date that the Small Business Administration (SBA) remits the borrower’s loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period.

On May 26, 2021, NCJW|LA was notified that its PPP loan of \$1,055,700 was forgiven in full by the SBA. Revenue related to the loan forgiveness of \$1,055,700 was recorded and is reflected in the Statement of Activities for the year ended June 30, 2021.

12. Operating Reserve Fund Policy

NCJW|LA’s Finance Committee adopted an Operating Reserve Policy that requires NCJW|LA to maintain designated reserves to financially support NCJW|LA during times of severe economic loss resulting from the impact of natural disasters on the thrift stores operations, and a building and capital asset reserve for long-term capital projects. The current operating reserve policy designates a total reserve of \$1,800,000 (\$1,700,000 for store operations and \$100,000 for capital assets). Both reserves are included in investments. The operating reserve funds are invested in accordance with the Investment Policy adopted by the Board of Directors. Withdrawals from the reserves to solve temporary cash flow problems must be approved by the Executive Director in consultation with the Treasurer. Withdrawals from the reserves that are in accordance with the purposes of the reserves must be submitted by the Finance Committee and approved by the Board of Directors.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

13. Net Assets With Donor Restrictions

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

Sherman and Frances Teller Teachers' Scholarship	\$ 52,003
I. Lawrence/Mr. Bauer Scholarship Fund	35,139
S. Teller & R Holton - LGBTQ	29,000
S. Teller and R. Holton Television and Cinema Scholarship	14,050
Samuel Schulman Scholarship	13,192
Susan Schulman Begley Scholarship	10,420
Advocacy - CA PAN	9,146
Other	<u>6,176</u>
	<u>\$169,126</u>

For the year ended June 30, 2021, net assets released from restrictions were \$93,898 all of which were released from purpose restrictions.

14. Donated Goods to Program

During the year, NCJW|LA received donated goods at its stores/donation centers. These goods are available to be used by clients of the Critical Response program. The goods, although not sold, are valued and recorded at the average thrift store values of similar items sold at NCJW|LA's thrift stores to reflect their use by the Critical Response program. For the year ended June 30, 2021, a total of \$4,023 was recognized as Donated Goods to Program revenue and expense.

15. Commitments and Contingencies

Operating Leases

NCJW|LA leases eight thrift shop stores under operating leases. Some of these leases are subject to escalation clauses that will increase the lease payment by the percentage increase in the Consumer Price Index ("CPI"). Some of the leases contain options at the end of the lease term to extend the lease for an additional period of time as negotiated. Increases in future lease payments due to annual CPI changes are not reflected in the minimum future payments.

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

15. Commitments and Contingencies, continued

Future minimum rentals under non-cancellable operating leases are as follows:

<u>Year ending June 30,</u>	
2022	\$1,156,409
2023	1,057,631
2024	852,552
2025	682,688
2026	<u>665,222</u>
	<u>\$4,414,502</u>

Rent expense under operating leases for the year ended June 30, 2021 was \$1,325,877.

Contracts

NCJW|LA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, NCJW|LA has no provisions for the possible disallowance of program costs on its financial statements.

Impact of COVID-19 Virus

Following the State "Safer at Home" orders, NCJW|LA has continued to conduct its business activities under Safer at Home isolation protocols.

The current store reserve of \$1.7 million (see Note 12) was determined based on the historic performance of the Council's thrift stores. However, with the occurrence of COVID-19 the reserve for the Council's thrift stores will be reviewed for its future applicability.

The overall, long-term financial impact of the COVID-19 virus on NCJW|LA cannot be foreseen at this time and is not reflected in these financial statements.

PPP Loan

The SBA reserves the right to review any loan at their discretion and the SBA has indicated that it will review loans of \$2 million or more. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

continued

**LOS ANGELES SECTION
NATIONAL COUNCIL OF JEWISH WOMEN**

NOTES TO FINANCIAL STATEMENTS

16. Employee Benefit Plan

NCJW|LA has a deferred tax compensation plan available to all employees with one or more years of service and who have reached age twenty-one. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts as permitted by law. On an annual basis, the Board of Directors of NCJW|LA determines whether NCJW|LA will match employee contributions based on the financial performance of the agency for the year then ended. NCJW|LA did not make matching contributions during the year ended June 30, 2021. As such, there was no pension expense under this plan for the year ended June 30, 2021.