



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

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**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

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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, 2019, 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, 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.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Los Angeles Section National Council of Jewish Women's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California

February 21, 2020

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

STATEMENT OF FINANCIAL POSITION  
June 30, 2019  
With comparative totals at June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
<b>ASSETS</b>				
Cash	\$ 191,649	\$ 238,027	\$ 429,676	\$ 1,090,402
Accounts receivable	25,785		25,785	5,850
Prepaid expenses and other assets (Note 4)	353,727		353,727	418,248
Investments (Note 5)	1,869,178		1,869,178	2,488,435
Property and equipment (Note 7)	942,640		942,640	961,769
	<b>TOTAL ASSETS</b>	<b>\$ 238,027</b>	<b>\$ 3,621,006</b>	<b>\$ 4,964,704</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses (Note 8)	\$ 748,130	\$ -	\$ 748,130	\$ 805,195
Accrued unemployment liability (Note 9)	75,090		75,090	75,090
	<b>TOTAL LIABILITIES</b>	-	<b>823,220</b>	880,285
<b>COMMITMENTS AND CONTINGENCIES (Notes 9, 11, and 14)</b>				
<b>NET ASSETS</b>				
Without donor restrictions				
General (Note 2)	759,759		759,759	1,992,585
Board-designated reserves (Note 2 and 11)	1,800,000		1,800,000	1,800,000
With donor restrictions (Note 12)		238,027	238,027	291,834
	<b>TOTAL NET ASSETS</b>	238,027	<b>2,797,786</b>	4,084,419
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 238,027</b>	<b>\$ 3,621,006</b>	<b>\$ 4,964,704</b>

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, 2019

With comparative totals for the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
<b>PUBLIC SUPPORT AND REVENUE</b>				
Council thrift shops				
Thrift shop sales	\$ 8,796,400	\$ -	\$ 8,796,400	\$ 9,225,347
Less: thrift shop operating costs	(8,595,375)		(8,595,375)	(7,571,477)
Contributions - in-kind services	5,177		5,177	17,700
Net council thrift shops	206,202	-	206,202	1,671,570
Donated goods to program (Note 13)	418,982		418,982	431,955
Contributions	126,102	62,195	188,297	303,572
Grants - government	69,954		69,954	159,010
Grants - other	36,530		36,530	-
Rental income	75,867		75,867	53,332
Program service revenue	5,385		5,385	146,283
Special events less expenses of \$17,176	4,215		4,215	-
In-kind contributions of services	3,444		3,444	11,550
Membership dues	2,646		2,646	10,978
Other income			-	6
Net assets released from restrictions (Note 12)	116,002	(116,002)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>1,065,329</b>	<b>(53,807)</b>	<b>1,011,522</b>	<b>2,788,256</b>
<b>EXPENSES</b>				
Program services				
Community Mental Health and Supportive Services	929,847		929,847	1,497,628
Membership and Outreach	212,264		212,264	218,848
Youth Educational Programs and Services	312,301		312,301	362,942
Advocacy and Legislative Community Engagement	387,069		387,069	374,694
	1,841,481	-	1,841,481	2,454,112
Support services				
Management and general	343,588		343,588	337,268
Fundraising	173,628		173,628	143,565
	517,216	-	517,216	480,833
<b>TOTAL EXPENSES</b>	<b>2,358,697</b>	<b>-</b>	<b>2,358,697</b>	<b>2,934,945</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(1,293,368)</b>	<b>(53,807)</b>	<b>(1,347,175)</b>	<b>(146,689)</b>
<b>INVESTMENT INCOME, NET OF FEES</b>	<b>60,542</b>		<b>60,542</b>	<b>100,803</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,232,826)</b>	<b>(53,807)</b>	<b>(1,286,633)</b>	<b>(45,886)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,792,585</b>	<b>291,834</b>	<b>4,084,419</b>	<b>4,130,305</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,559,759</b>	<b>\$ 238,027</b>	<b>\$ 2,797,786</b>	<b>\$ 4,084,419</b>

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, 2019  
With comparative totals for the year ended June 30, 2018

	Program Services				Total Program Services	Support Services		Total Support Services	Total Expenses	
	Community Mental Health and Supportive Services	Membership and Outreach	Youth Educational Programs and Services	Advocacy and Legislative Community Engagement		Management and General	Fundraising		2019	2018
Salaries and wages	\$ 206,725	\$ 147,440	\$ 150,793	\$ 253,079	\$ 758,037	\$ 143,518	\$ 104,578	\$ 248,096	\$ 1,006,133	\$ 1,228,282
Employee benefits and payroll taxes	45,821	26,381	30,172	45,975	148,349	26,817	23,496	50,313	198,662	231,566
Total personnel expenses	252,546	173,821	180,965	299,054	906,386	170,335	128,074	298,409	1,204,795	1,459,848
Donated goods to program (Note 13)	418,982				418,982			-	418,982	431,955
Programs - direct expenditures	47,076	1,736	87,247	22,486	158,545		18,394	18,394	176,939	276,766
Depreciation and amortization	73,034	8,007	6,225	10,895	98,161	50,740	4,803	55,543	153,704	161,502
Equipment/computer support	40,077	6,045	3,560	6,028	55,710	22,969	2,597	25,566	81,276	51,428
Insurance	23,122	6,454	6,972	9,549	46,097	15,396	4,269	19,665	65,762	70,522
Occupancy/repairs and maintenance	21,295	2,366	1,893	3,966	29,520	30,896	3,297	34,193	63,713	42,925
Office expense	4,199	3,550	3,358	7,037	18,144	35,090	3,107	38,197	56,341	35,628
Utilities	17,245	2,302	2,148	4,348	26,043	9,840	1,483	11,323	37,366	41,010
Scholarship awarded	15,000			4,349	19,349			-	19,349	34,515
Conferences, conventions, and meetings	4,109	1,816	5,198	2,822	13,945	2,556	1,651	4,207	18,152	4,131
Professional services - other	4,837	1,909	1,651	2,431	10,828	3,129	1,243	4,372	15,200	170,202
Human resource services	3,663	2,447	1,876	4,750	12,736	614	1,099	1,713	14,449	11,611
Travel and business meals	118	58	10,115	2,748	13,039	112	217	329	13,368	5,204
Printing and publications	815	1,043	833	2,921	5,612	1,149	1,292	2,441	8,053	5,210
Advertising/communications and marketing	221	671	221	3,615	4,728	116	356	472	5,200	12,097
Professional services - in-kind	3,444				3,444			-	3,444	11,550
Postage and shipping	64	39	39	70	212	646	1,746	2,392	2,604	2,229
Program support - national organization					-			-	-	106,612
<b>TOTAL 2019 FUNCTIONAL EXPENSES</b>	<b>\$ 929,847</b>	<b>\$ 212,264</b>	<b>\$ 312,301</b>	<b>\$ 387,069</b>	<b>\$ 1,841,481</b>	<b>\$ 343,588</b>	<b>\$ 173,628</b>	<b>\$ 517,216</b>	<b>\$ 2,358,697</b>	
<b>TOTAL 2018 FUNCTIONAL EXPENSES</b>	<b>\$ 1,497,628</b>	<b>\$ 218,848</b>	<b>\$ 362,942</b>	<b>\$ 374,694</b>	<b>\$ 2,454,112</b>	<b>\$ 337,268</b>	<b>\$ 143,565</b>	<b>\$ 480,833</b>		<b>\$ 2,934,945</b>

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, 2019

With comparative totals for the year ended June 30, 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,286,633)	\$ (45,886)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	224,554	223,438
Reinvested dividends and interest	(44,171)	(59,439)
(Gain) on investments, net of fees	(16,371)	(41,364)
(Increase) decrease in operating assets:		
Accounts receivable	(19,935)	(5,850)
Prepaid expenses and other assets	64,521	(31,873)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(57,065)	229,136
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(1,135,100)</b>	268,162
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	685,000	(4,919)
Purchase of investments	(5,201)	-
Purchase of property and equipment	(205,425)	(64,506)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>474,374</b>	(69,425)
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(660,726)</b>	198,737
<b>CASH, BEGINNING OF YEAR</b>	<b>1,090,402</b>	891,665
<b>CASH, END OF YEAR</b>	<b>\$ 429,676</b>	<b>\$ 1,090,402</b>

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



# LOS ANGELES SECTION NATIONAL COUNCIL OF JEWISH WOMEN

## NOTES TO FINANCIAL STATEMENTS

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### 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 addressing economic justice issues for working women and their families.

The following is an overview of the 2018-2019 programs, services, and operations:

#### Community Mental Health & Supportive Services (CMHSS)

The CMHSS programs provided direct mental health services and emergency support. Licensed social workers helped clients overcome challenges and enact meaningful change in their lives. The goal of the counseling program was to empower individuals, couples, families and groups through low-cost, high-quality psychotherapy services. The CMHSS counseling services ceased operations in December 2018. 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.

#### Youth Educational Programs & Services (YEPS)

YEPS reaches the next generation with the help of more than 200 volunteers. This program enriched the lives of students annually. Through *Art Pals* and *Art Bridges Culture*, students were exposed to the arts and provided creative outlets for self-expression and exploration. *Light Up the Library* deepened the educational experiences of children in our city through the support of new books for under-resourced libraries. NCJW|LA worked with Title I public elementary schools as well as community-based organizations and transitional shelters. The *Back 2 School Store* program served approximately 200 students, providing new clothes, school supplies and backpacks. The YEPS programs were closed at the end of the 2018-2019 fiscal 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 lobby 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. The ACE program raises awareness about the impact of these issues through campaigns, special events, and educational outreach programs.

#### Change the Talk

Change the Talk is a peer-to-peer education program designed to transform the conversation around the topics of sexual violence and consent. In the 2018-2019 year, Change the Talk reached more than 3,000 students and engaged Peer Educators in more than 3,000 hours of trainings and workshops. The program also hosted its first-ever film festival, *Consent & Cinema*, which garnered more than 100 submissions from teen filmmakers.

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

NOTES TO FINANCIAL STATEMENTS

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**1. Organization, continued**

Council Thrift Shops

Operated by NCJW|LA for more than 90 years, Council Thrift Shops generate a substantial portion of NCJW|LA's operating budget. As a direct community service, Council Thrift Shop team members organize and operate the *Annual Clothing Giveaway* and *Community Voucher Program* which both provide free clothing to people in need through partnerships with Los Angeles-based organizations and agencies, including shelters and workforce programs among others. Council Thrift Shops work provide volunteer and community service opportunities for high school students and community programs that work with the disabled.

Program Service Revenues/Expenses

During the year NCJW|LA closed its CMHSS Department which impacted the program service revenues and expenses for the year ended June 30, 2019 and resulted in the decrease of \$140,898 in revenues and \$567,781 in expenses when compared with year ended June 30, 2018.

**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.** 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, 2019 was \$1,800,000 (see Note 11).

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

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**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 that 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.

**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 (loss) 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, equities, 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.

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

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**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.

**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, but 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, 2019.

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

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Membership Dues**

Membership dues are recognized as revenue when earned.

**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 material and services of \$427,603 have been recorded on the accompanying financial statements, of which \$5,177 is included in the in-kind services for the Council Thrift Shops for the year ended June 30, 2019. 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 at the estimated fair value of the clothing distributed (see Note 13).

Certain NCJW|LA programs rely upon the extensive use of volunteer time which has not been recognized with the financial statement because the activities do not meet the criteria for recognition (as described above). During the 2019 fiscal year, NCJW|LA received the services of 306 volunteers providing approximately 515 hours of service. Management has estimated the value of these services to be approximately \$14,965 using the Independent Sector Volunteer Rate for California of \$29.09.

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

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**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.

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.

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

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Recently Adopted Accounting Pronouncement**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. NCJW|LA's financial statements for the year ended June 30, 2019 are presented in accordance with ASU 2016-14.

**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, 2018, from which the summarized information was derived.

**Reclassification**

For comparability, certain June 30, 2018 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2019.

**Subsequent Events**

Management has evaluated subsequent events through February 21, 2020, 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

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**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, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 452,663
Accounts receivable	25,785
Investments	<u>1,846,191</u>
	<u>\$2,324,639</u>

**4. Prepaid Expenses and Other Assets**

Prepaid expenses and other assets at June 30, 2019 consist of the following:

Prepaid rent and insurance	\$188,226
Thrift store rental deposits and other	<u>165,501</u>
	<u>\$353,727</u>

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**5. Investments**

Investments at June 30, 2019 consist of the following:

Exchange traded funds (ETF)	\$1,403,992
Fixed income	273,638
Mutual funds	168,560
Money market funds	<u>22,988</u>
	<u>\$1,869,178</u>

Activity in the investments during the year ended June 30, 2019 was as follows:

Balance, beginning of year	\$2,488,435
Reinvested dividends and interest	63,422
Investment fees	(19,251)
Deposits/transfers	5,201
Withdrawals	(685,000)
Unrealized gains on investments	<u>16,371</u>
	<u>\$1,869,178</u>

**6. Fair Value Measurements**

The table below presents the balances of assets measured at fair value at June 30, 2019 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETF's	\$1,403,992	\$ -	\$ -	\$1,403,992
Corporate and government bonds		273,638		273,638
Mutual funds	168,560			168,560
Money market funds	<u>22,988</u>			<u>22,988</u>
	<u>\$1,595,540</u>	<u>\$273,638</u>	<u>\$ -</u>	<u>\$1,869,178</u>

The fair value of ETF's, mutual funds, and money market funds 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 and government bonds within the Level 2 inputs are based on quoted prices in active or inactive markets for the same or similar assets.

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**7. Property and Equipment**

Property and equipment at June 30, 2019 consist of the following:

Land	\$ 90,750
Buildings	1,697,588
Furniture, fixtures, and equipment	642,091
Computer software and hardware	183,257
Leasehold improvements	<u>704,297</u>
	3,317,983
Less: accumulated depreciation and amortization	<u>(2,375,343)</u>
	<u>\$ 942,640</u>

Depreciation and amortization expense for the year ended June 30, 2019 was \$224,554, of which \$70,850 is included in the Thrift Store operating costs for the year ended June 30, 2019.

Included above, in land and buildings, is the historical cost associated with the acquisition and improvements of the headquarters of NCJW|LA. In July 2018, NCJW|LA obtained an appraisal on their headquarters property. The appraisal indicated a range in value from approximately \$7,000,000 to \$8,360,000, which reflects considerations of the income analysis approach at its highest and best use to the current sales comparison approach.

**8. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses at June 30, 2019 consist of the following:

Accrued payroll	\$221,241
Accrued vacation	204,619
Accounts payable	183,875
Sales tax payable	61,165
Accrued straight-line rent	40,554
Other accrued liabilities	<u>36,676</u>
	<u>\$748,130</u>

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**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 an unemployment 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 \$75,090 at June 30, 2019. 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 \$88,848 is included in cash at June 30, 2019. Unemployment claims for the year ended June 30, 2019 were \$55,321.

**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, 2019. The line of credit agreement contains various restrictive covenants that include the maintenance of certain financial ratios, as defined in the agreement. For the year ended June 30, 2019, NCJW|LA met all debt covenants.

**11. 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. Both reserves are included in the investments on the statement of financial position. 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. During the year ended June 30, 2019, the reserve for severe economic loss was \$1,700,000, and the capital asset reserve was \$100,000. The two reserves total \$1,800,000.

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**12. Net Assets with Donor Restrictions**

Net Assets with donor restrictions at June 30, 2019 consist of the following:

S. Teller and R. Holton Television and Cinema Scholarship	\$ 59,100
Sherman and Frances Teller Teachers' Scholarship	53,953
I. Lawrence/Mr. Bauer Scholarship Fund	39,939
Rental Assistance	17,848
Emergency Survival Fund	17,481
Susan Schulman Begley Scholarship	13,420
Advocacy - CA PAN	12,446
Samuel Schulman Scholarship	7,692
Roth Family Foundation (Education Funds)	7,337
June Miller Scholarship Fund	4,500
Singerman - Nosseck Scholarship	3,021
Sophie Greenstadt Scholarship Fund	<u>1,290</u>
	<u>\$238,027</u>

For the year ended June 30, 2019, net assets released from restrictions were \$116,002, all of which were released from program restrictions.

**13. Donated Goods to Program**

During the year, NCJW|LA received donated thrift shop clothing at its stores, which it in turn provided to the clients it serves under CMHSS. Under NCJW|LA's thrift stores policy, donated items are not recorded until sold. This thrift shop clothing, although not sold, is recorded and valued at the average fair market values of similar clothing sold at NCJW|LA's thrift stores to reflect their use by NCJW|LA's programs. For the year ended June 30, 2019, a total of \$418,982 was recognized as Donated Goods to Program revenue and expense.

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**14. Commitments and Contingencies**

**Operating Leases**

NCJW|LA leases eight thrift shop stores under operating leases expiring in August 2022. 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.

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

<u>Year ending June 30,</u>	
2020	\$1,631,677
2021	1,490,070
2022	1,065,518
2023	<u>653,340</u>
	<u>\$4,840,605</u>

Rent expense under operating leases for the year ended June 30, 2019 was \$1,614,751.

**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.

**15. 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 made 100% matching contributions of up to 3% of employee’s annual earnings during the year ended June 30, 2019. Employer contributions under this plan for the year ended June 30, 2019 were \$42,242.