

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

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**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

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, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Los Angeles Section National Council of Jewish Women and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Los Angeles Section National Council of Jewish Women's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT

continued

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### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Los Angeles Section National Council of Jewish Women's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Los Angeles Section National Council of Jewish Women's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California  
February 28, 2023

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

STATEMENT OF FINANCIAL POSITION

June 30, 2022

With comparative totals at June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>				
Cash	\$ 807,633	\$ 182,826	\$ 990,459	\$ 455,022
Accounts receivable	118,860		118,860	-
Prepaid expenses and other assets (Note 5)	636,432		636,432	527,421
Investments (Note 6)	8,054,327		8,054,327	9,661,520
Property and equipment (Note 8)	335,400		335,400	250,972
	<b>\$ 9,952,652</b>	<b>\$ 182,826</b>	<b>\$ 10,135,478</b>	<b>\$ 10,894,935</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses (Note 9)	\$ 599,733	\$ -	\$ 599,733	\$ 411,426
Accrued unemployment liability (Note 10)	39,426		39,426	103,080
	<b>639,159</b>	<b>-</b>	<b>639,159</b>	<b>514,506</b>
<b>COMMITMENTS AND CONTINGENCIES (Notes 10, 12, and 14)</b>				
<b>NET ASSETS</b>				
Without donor restrictions:				
General (Note 2)	7,513,493		7,513,493	8,411,303
Board-designated reserves (Notes 2 and 12)	1,800,000		1,800,000	1,800,000
With donor restrictions (Note 13)		182,826	182,826	169,126
	<b>9,313,493</b>	<b>182,826</b>	<b>9,496,319</b>	<b>10,380,429</b>
<b>TOTAL NET ASSETS</b>	<b>9,313,493</b>	<b>182,826</b>	<b>9,496,319</b>	<b>10,380,429</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,952,652</b>	<b>\$ 182,826</b>	<b>\$ 10,135,478</b>	<b>\$ 10,894,935</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, 2022  
With comparative totals for the year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022</u>	<u>2021</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Council thrift shops				
Thrift shop sales (donated goods)	\$ 7,481,096	\$ -	\$ 7,481,096	\$ 5,376,298
Less: thrift shop operating costs	(6,142,014)		(6,142,014)	(5,557,253)
Net council thrift shops income (loss)	1,339,082	-	1,339,082	(180,955)
Contributions	270,538	30,200	300,738	168,996
Grants - government	267,701		267,701	1,037,753
Grants - other	226,500		226,500	93,000
Program service revenue	10,476		10,476	5,401
Other income	8,400		8,400	39,608
Donated goods and services (Note 4)	6,854		6,854	4,023
Paycheck protection program loan - forgiveness			-	1,055,700
Special events	-		-	23,826
Rental income	-		-	150
Net assets released from restrictions (Note 13)	16,500	(16,500)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>2,146,051</b>	<b>13,700</b>	<b>2,159,751</b>	<b>2,247,502</b>
<b>EXPENSES</b>				
Program services				
Critical Response	460,684		460,684	1,220,371
Communication and Outreach	216,977		216,977	189,142
Enrichment	399,341		399,341	301,852
Advocacy and Legislative Community Engagement	266,582		266,582	203,691
	1,343,584	-	1,343,584	1,915,056
Support services				
Management and general	147,674		147,674	392,575
Fundraising	188,302		188,302	128,612
	335,976	-	335,976	521,187
<b>TOTAL EXPENSES</b>	<b>1,679,560</b>	<b>-</b>	<b>1,679,560</b>	<b>2,436,243</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>466,491</b>	<b>13,700</b>	<b>480,191</b>	<b>(188,741)</b>
<b>OTHER CHANGES</b>				
Gain on sale of property			-	8,618,124
Investment (loss) income, net of fees	(1,364,301)		(1,364,301)	709,655
<b>CHANGE IN NET ASSETS</b>	<b>(897,810)</b>	<b>13,700</b>	<b>(884,110)</b>	<b>9,139,038</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>10,211,303</b>	<b>169,126</b>	<b>10,380,429</b>	<b>1,241,391</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 9,313,493</b>	<b>\$ 182,826</b>	<b>\$ 9,496,319</b>	<b>\$ 10,380,429</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, 2022  
With comparative totals for the year ended June 30, 2021

	<u>Program Services</u>				Total Program Services	<u>Support Services</u>		Total Support Services	<u>Total Expenses</u>	
	Critical Response	Communication and Outreach	Enrichment	Advocacy and Legislative Community Engagement		Management and General	Fundraising		2022	2021
Salaries and wages	\$ 155,766	\$ 147,888	\$ 151,781	\$ 149,909	\$ 605,344	\$ 54,018	\$ 78,617	\$ 132,635	\$ 737,979	\$ 733,468
Employee benefits and payroll taxes	31,791	23,728	30,582	27,924	114,025	13,406	13,193	26,599	140,624	151,430
Total personnel expenses	187,557	171,616	182,363	177,833	719,369	67,424	91,810	159,234	878,603	884,898
Awards/stipends	139,422		112,000	4,500	255,922			-	255,922	4,600
Professional services	27,669	16,905	51,290	33,080	128,944	19,627	50,081	69,708	198,652	78,728
Office expense	28,265	15,343	29,890	27,271	100,769	(10,404)	20,004	9,600	110,369	165,862
Membership dues				50	50			50,000	50,050	-
Programs - direct expenditures	40,668		246	930	41,844			-	41,844	1,001,765
Insurance	9,797	2,401	5,461	5,431	23,090	6,008	5,612	11,620	34,710	42,267
Depreciation and amortization	4,422	2,142	4,422	4,422	15,408	6,820	518	7,338	22,746	48,720
Human resource services	6,552	1,542	4,811	4,539	17,444	1,004	1,071	2,075	19,519	30,311
Travel and business meals	4,769		4,887	4,692	14,348		179	179	14,527	47
Equipment/computer support	2,849	1,807	1,611	1,611	7,878	4,142	255	4,397	12,275	54,579
Advertising/communications and marketing	1,322	4,446	1,322	1,232	8,322	310	3,599	3,909	12,231	449
Other expenses	167	167	212	167	713	492	9,967	10,459	11,172	-
Donated goods to program (Note 4)	5,854				5,854			-	5,854	4,023
Printing and publications	132	412	132	132	808	140	2,421	2,561	3,369	4,635
Occupancy/repairs and maintenance	287	42	287	287	903	1,212	47	1,259	2,162	12,119
Postage and shipping	211	61	43	20	335	86	1,651	1,737	2,072	4,646
Utilities	283	42	283	283	891	753	46	799	1,690	16,917
In-kind services (Note 4)					-		1,000	1,000	1,000	-
Professional development	458	51	81	102	692	60	41	101	793	7,269
Scholarship awarded					-			-	-	74,050
Interest expense					-			-	-	358
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b>\$ 460,684</b>	<b>\$ 216,977</b>	<b>\$ 399,341</b>	<b>\$ 266,582</b>	<b>\$ 1,343,584</b>	<b>\$ 147,674</b>	<b>\$ 188,302</b>	<b>\$ 335,976</b>	<b>\$ 1,679,560</b>	
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 1,220,371</b>	<b>\$ 189,142</b>	<b>\$ 301,852</b>	<b>\$ 203,691</b>	<b>\$ 1,915,056</b>	<b>\$ 392,575</b>	<b>\$ 128,612</b>	<b>\$ 521,187</b>		<b>\$ 2,436,243</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, 2022  
With comparative totals for the year ended June 30, 2021

	2022	2021
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (884,110)	\$ 9,139,038
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Paycheck protection program loan forgiveness	-	(1,055,700)
Depreciation and amortization	76,484	111,771
Donated securities	-	(10,029)
Reinvested dividends and interest	(188,455)	(78,141)
Loss (gain) on investments, net of fees	1,552,756	(631,514)
Loss on sale of property	-	(8,618,124)
(Increase) decrease in operating assets:		
Accounts receivable	(118,860)	150,920
Prepaid expenses and other assets	(109,011)	(3,268)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	124,653	(189,802)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>453,457</b>	<b>(1,184,849)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	242,892	490,000
Purchase of investments	-	(8,400,000)
Proceeds from sale of property	-	9,026,925
Purchase of property and equipment	(160,912)	(27,099)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>81,980</b>	<b>1,089,826</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>535,437</b>	<b>(95,023)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>455,022</b>	<b>550,045</b>
<b>CASH, END OF YEAR</b>	<b>\$ 990,459</b>	<b>\$ 455,022</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 advancing economic justice and equity for working women in Los Angeles.

The following is an overview of the 2021-2022 programs, services, and operations:

#### Critical Response Services

In 2021-22 our Critical response Programs included Rental Assistance Programs, Guaranteed Income Pilots, and the Clothing Assistance Program.

Rental Assistance Programs (RAP) provide cash assistance to tenants unable to pay rent due to financial hardship from COVID and other financial emergencies. Our West Hollywood program supports renters in the city and Los Angeles program supports female heads of household throughout the Los Angeles area.

Guaranteed Income Pilots included the winding down of our Cash for Caregivers pilot, providing monthly cash support to female caregivers living in northeast Los Angeles as well as the launch of the West Hollywood Pilot for GI, providing monthly cash support to low-income senior adults living in the City of West Hollywood.

The Clothing Assistance Program provides gift cards to qualified individuals and program partners to use to shop in our Council shops. Individuals receive preloaded cards to shop for clothing, shoes, and home goods at all six of our stores.

#### 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.

#### 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 2021-2022, Lobby Day was again virtual. The ACE program raises awareness about the impact of these issues through campaigns, dedicated events, and educational outreach programs.

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

NOTES TO FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies**

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 support the Clothing Gift Cards 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.

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, 2022 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 receivables 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.

continued

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

NOTES TO FINANCIAL STATEMENTS

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**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.

continued

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

NOTES TO FINANCIAL STATEMENTS

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**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, 2022.

**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.

continued

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

NOTES TO FINANCIAL STATEMENTS

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**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.

**Recently Adopted Accounting Pronouncement**

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items, to increase transparency and comparability surrounding contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU requires to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, include in disclosures a disaggregation of the amount of contributed nonfinancial assets by category, for each category, additional qualitative disclosures. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021. NCJW|LA's financial statements for the year ended June 30, 2022 are presented in accordance with ASU 2020-07.

**Donated Goods 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. During the year ended June 30, 2022, NCJW|LA received donated media services which met the criteria for recognition. See Note 4 for further information.

NCJW|LA records the value of goods donated for thrift shop sales when the goods are sold. Management believes it is impossible to develop a reasonable estimate for the inventory value at the time of contribution. Accordingly, NCJW|LA does not record an inventory balance for goods held in stock within the thrift stores. See Note 4 for further information.

During the year, NCJW|LA receives certain goods that are made available to be used by clients of the Critical Response program. Donated goods provided to needy families and individuals, as part of programs, are recorded as donated revenues and expenses, when distributed. See Note 4 for further information.

Certain NCJW|LA programs usually rely upon the extensive use of volunteer time, but because of COVID 19, during the 2022 fiscal year, volunteering was limited to its Board of Directors members and Program Committees.

continued

**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.

**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, 2021, from which the summarized information was derived.

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

NOTES TO FINANCIAL STATEMENTS

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

**Reclassification**

For comparability, certain June 30, 2021 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2022.

**Subsequent Events**

Management has evaluated subsequent events through February 28, 2023, 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.

**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, 2022, 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	\$1,018,800
Investments (excluding money market included above)	<u>8,025,986</u>
	9,044,786
Less: assets with donor restrictions	<u>(182,826)</u>
Financial assets available within one year to meet general expenditures	<u>\$8,861,960</u>

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**4. In-kind Contributions**

In-kind contributions for the year ended June 30, 2022 consist of the following:

<u>Nonfinancial Asset</u>	<u>Fair Value</u>	<u>Used or Monetized</u>	<u>Donor Restrictions</u>	<u>Fair Value Technique</u>
Clothing, furniture, jewelry, art, books shoes, and bags for thrift stores	\$7,481,096	Monetized	None	Value established on a per item basis based on market price paid by the customer in stores or online
Clothing, furniture, shoes and bags	5,854	Used for Critical Response Program clients	None	Value established on a per item basis based on an average market price for similar items sold in stores
Media services from a studio	<u>1,000</u> <u>\$7,487,950</u>	Virtual fundraising Event	None	Value established based on studio's hourly billing rates

**5. Prepaid Expenses and Other Assets**

Prepaid expenses and other assets at June 30, 2022 consist of the following:

Prepaid expenses	\$469,657
Thrift store rental deposits and other	<u>166,775</u>
	<u>\$636,432</u>

**6. Investments**

Investments at June 30, 2022 consist of the following:

Exchange traded funds (ETFs)	\$8,009,289
Money market funds	28,341
Stock	10,148
Fixed income	<u>6,549</u>
	<u>\$8,054,327</u>

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**6. Investments, continued**

Investment activity during the year ended June 30, 2022 was as follows:

Balance, beginning of year	\$ 9,661,520
Reinvested dividends and interest	188,455
Investment fees	(73,657)
Withdrawals	(242,892)
Realized gain on investments	<u>(1,479,099)</u>
	<u>\$ 8,054,327</u>

**7. Fair Value Measurements**

The table below presents the balances of assets measured at fair value at June 30, 2022 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ETF's	\$8,009,289	\$ -	\$ -	<b>\$8,009,289</b>
Money market funds	28,341			<b>28,341</b>
Corporate stock	10,148			<b>10,148</b>
Corporate bonds		<u>6,549</u>		<u><b>6,549</b></u>
	<u>\$8,047,778</u>	<u>\$6,549</u>	<u>\$ -</u>	<u><b>\$8,054,327</b></u>

The fair value of ETF's, money market 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.

The table below presents the transactions measured at fair value on a non-recurring basis during the year ended June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>June 30, 2022</u></b>				
Donated goods and services	\$ -	\$7,487,950	\$ -	<b>\$7,487,950</b>
Pledged contributions – new			<u>30,200</u>	<u><b>30,200</b></u>
Fair value at June 30, 2022	<u>\$ -</u>	<u>\$7,487,950</u>	<u>\$30,200</u>	<u><b>\$7,518,150</b></u>

The fair value of donated goods and services has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions - new are measured on a recurring basis based on the value provided by the donor at the date of pledge (Level 3 inputs).

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**8. Property and Equipment**

Property and equipment at June 30, 2022 consist of the following:

Furniture, fixtures, and equipment	\$ 790,185
Computer software and hardware	183,257
Leasehold improvements	<u>744,213</u>
	1,717,655
Less: accumulated depreciation and amortization	<u>(1,382,255)</u>
	<u>\$ 335,400</u>

Depreciation and amortization expense for the year ended June 30, 2022 was \$76,484, of which \$50,815 is included in the Thrift Shops operating costs shown net of revenues. As such, depreciation and amortization expense for the year ended June 30, 2022, on the Statement of Functional Expenses is \$25,669, which excludes the Thrift Shops portion.

**9. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses at June 30, 2022 consist of the following:

Accrued vacation	\$179,267
Accrued payroll	172,518
Other accrued liabilities	97,903
Accounts payable	91,748
Sales tax payable	<u>57,451</u>
	<u>\$598,887</u>

**10. 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 \$39,426 at June 30, 2022. NCJW|LA makes quarterly deposits to the trust based on an estimated, expected value of future benefits. Unemployment claims for the year ended June 30, 2022 were \$51,098.

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**11. 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, 2022.

**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 for programs support 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.

**13. Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2022 consist of the following:

Sherman and Frances Teller Teachers' Scholarship	\$ 52,003
I. Lawrence/Mr. Bauer Scholarship Fund	32,739
S. Teller and R. Holton - LGBTQ	31,000
S. Teller and R. Holton Television and Cinema Scholarship	17,550
E. Lawrence and F. Teller Vacation School	13,000
Samuel Schulman Scholarship	12,192
Susan Schulman Begley Scholarship	9,420
Advocacy - CA PAN	9,146
Singerman-Nosseck Scholarship	3,021
Other	<u>2,755</u>
	<u>\$182,826</u>

For the year ended June 30, 2022, net assets released from restrictions were \$16,500 all of which were released from purpose restrictions.

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**14. 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.

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

<u>Year ending June 30,</u>	
2023	\$1,315,292
2024	1,355,458
2025	1,401,468
2026	1,434,173
2027	<u>1,316,358</u>
	<u>\$6,822,749</u>

Rent expense under operating leases for the year ended June 30, 2022 was \$1,368,346.

**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 did not make matching contributions during the year ended June 30, 2022. As such, there was no pension expense under this plan for the year ended June 30, 2022.