

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8 - 17



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**LOS ANGELES SECTION**  
**NATIONAL COUNCIL OF JEWISH WOMEN, INC.**  
Los Angeles, California

We have audited the accompanying statements of financial position of Los Angeles Section National Council of Jewish Women ("NCJW/LA") as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of NCJW/LA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of NCJW/LA as of June 30, 2010, were audited by other auditors whose report dated October 15, 2010 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (the "U.S."). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the U.S.

*RBZ, LLP*

November 8, 2011



**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2011 AND 2010**

ASSETS

	2011	2010
Cash	\$ 358,092	\$ 268,685
Grants Receivable	7,814	2,250
Prepaid Expenses and Other Assets	403,336	311,057
Investments	1,891,717	1,600,729
Property and Equipment, net	682,421	467,446
 Total Assets	 \$ 3,343,380	 \$ 2,650,167

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 96,195	\$ 61,905
Accrued expenses	313,040	244,729
Accrued unemployment	28,394	20,174
 Total Liabilities	 437,629	 326,808
 Commitments and Contingency (Notes 7 and 11)		
 Net Assets		
Unrestricted	2,790,212	2,191,185
Temporarily restricted	115,539	132,174
 Total Net Assets	 2,905,751	 2,323,359
	 \$ 3,343,380	 \$ 2,650,167

See accompanying notes to financial statements.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2011**

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Council Thrift Shops			
Thrift shop sales	\$ 7,540,238	\$ -	\$ 7,540,238
Less: Thrift shop operating costs	(5,873,732)	-	(5,873,732)
Car sales	11,350	-	11,350
Contributions-in-kind services	8,500	-	8,500
	1,686,356	-	1,686,356
Contributions-in-kind program materials	326,663	-	326,663
Grants - government	153,884	-	153,884
Contributions	80,828	50,190	131,018
Proceeds from fundraising events	14,023	-	14,023
In-kind contributions of materials, services and facilities	52,000	-	52,000
Memberships	17,722	-	17,722
Bequests	10,000	-	10,000
Shared occupancy	43,050	-	43,050
Investment income	41,058	-	41,058
Realized gains from sales of investments	122,324	-	122,324
Unrealized gains on investments	28,774	-	28,774
Miscellaneous	8,897	-	8,897
Net Assets Released from Restrictions	66,825	(66,825)	-
	966,048	(16,635)	949,413
	2,652,404	(16,635)	2,635,769
Functional Expenses			
Program Services			
Women Helping Women	1,116,809	-	1,116,809
Leadership & Membership Development	259,047	-	259,047
Women Helping Children	229,731	-	229,731
Advocacy	131,341	-	131,341
	1,736,928	-	1,736,928
Management and General	191,836	-	191,836
Fundraising	124,613	-	124,613
	2,053,377	-	2,053,377
Changes in Net Assets	599,027	(16,635)	582,392
Net Assets, beginning of year	2,191,185	132,174	2,323,359
Net Assets, end of year	\$ 2,790,212	\$ 115,539	\$ 2,905,751

See accompanying notes to financial statements.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Council Thrift Stores			
Thrift shop sales	\$ 6,226,940	\$ -	\$ 6,226,940
Less: Thrift shop operating costs	(4,994,788)	-	(4,994,788)
Special events	8,417	-	8,417
Car sales	8,400	-	8,400
Contributions-in-kind services	<u>8,400</u>	<u>-</u>	<u>8,400</u>
	<u>1,257,369</u>	<u>-</u>	<u>1,257,369</u>
Contributions-in-kind program materials	256,125	-	256,125
Grants - government	136,283	-	136,283
Contributions	31,980	81,488	113,468
Proceeds from fundraising events	36,462	-	36,462
In-kind contributions of materials, services and facilities	37,750	-	37,750
Memberships	19,696	-	19,696
Bequests	12,648	-	12,648
Shared occupancy	39,324	-	39,324
Investment income	41,333	-	41,333
Unrealized gains on investments	108,859	-	108,859
Miscellaneous	3,990	-	3,990
Net Assets Released from Restrictions	<u>82,888</u>	<u>(82,888)</u>	<u>-</u>
	<u>807,338</u>	<u>(1,400)</u>	<u>805,938</u>
	<u>2,064,707</u>	<u>(1,400)</u>	<u>2,063,307</u>
Functional Expenses			
Program Services			
Women Helping Women	1,042,885	-	1,042,885
Leadership & Membership Development	224,528	-	224,528
Women Helping Children	211,917	-	211,917
Advocacy	<u>110,064</u>	<u>-</u>	<u>110,064</u>
	1,589,394	-	1,589,394
Management and General	209,209	-	209,209
Fundraising	<u>103,353</u>	<u>-</u>	<u>103,353</u>
	<u>1,901,956</u>	<u>-</u>	<u>1,901,956</u>
Changes in Net Assets	162,751	(1,400)	161,351
Net Assets, beginning of year	<u>2,028,434</u>	<u>133,574</u>	<u>2,162,008</u>
Net Assets, end of year	<u>\$ 2,191,185</u>	<u>\$ 132,174</u>	<u>\$ 2,323,359</u>

See accompanying notes to financial statements.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2011**

	Women Helping Women	Leadership & Membership Development	Women Helping Children	Advocacy	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Expenses									
Salaries	\$ 462,675	\$ 111,319	\$ 116,237	\$ 59,555	\$ 749,786	\$ 71,166	\$ 77,393	\$ 148,559	\$ 898,345
Employee Benefits	<u>73,343</u>	<u>25,287</u>	<u>24,760</u>	<u>15,144</u>	<u>138,534</u>	<u>16,523</u>	<u>16,903</u>	<u>33,426</u>	<u>171,960</u>
	536,018	136,606	140,997	74,699	888,320	87,689	94,296	181,985	1,070,305
Other Expenses									
Contributions - in-kind program materials	326,663	-	-	-	326,663	-	-	-	326,663
Programs - direct expenditures	66,344	7,041	42,178	13,046	128,609	-	-	-	128,609
Program support - national organization	20,853	24,849	20,853	20,853	87,408	-	-	-	87,408
Advertising	839	16,066	714	3,114	20,733	714	1,416	2,130	22,863
Business meals	793	367	470	234	1,864	501	286	787	2,651
Computer support	12,064	2,462	1,613	922	17,061	10,672	230	10,902	27,963
Conferences	2,310	1,521	1,014	2,119	6,964	1,320	767	2,087	9,051
Depreciation and Amortization	15,276	2,403	2,775	1,586	22,040	34,107	601	34,708	56,748
Insurance	12,046	550	935	542	14,073	8,589	134	8,723	22,796
Office Expenses	9,550	15,764	3,522	2,509	31,345	7,104	12,991	20,095	51,440
Payroll processing fees	6,606	1,264	1,466	1,029	10,365	1,379	1,058	2,437	12,802
Postage	890	3,044	377	15	4,326	3,792	236	4,028	8,354
Printing and Publications	5,817	16,393	803	1,087	24,100	963	1,450	2,413	26,513
Professional fees	5,792	14,641	5,091	5,091	30,615	5,532	7,611	13,143	43,758
Professional services in- kind	45,000	3,150	-	1,400	49,550	-	2,450	2,450	52,000
Repairs and maintenance	13,586	1,552	2,724	1,552	19,414	15,239	389	15,628	35,042
Scholarships awarded	22,000	-	-	-	22,000	-	-	-	22,000
Special events	-	9,556	-	-	9,556	-	-	-	9,556
Telephone	3,097	218	582	218	4,115	2,129	55	2,184	6,299
Travel	607	382	1,485	107	2,581	230	338	568	3,149
Utilities	<u>10,658</u>	<u>1,218</u>	<u>2,132</u>	<u>1,218</u>	<u>15,226</u>	<u>11,876</u>	<u>305</u>	<u>12,181</u>	<u>27,407</u>
	<u>\$ 1,116,809</u>	<u>\$ 259,047</u>	<u>\$ 229,731</u>	<u>\$ 131,341</u>	<u>\$ 1,736,928</u>	<u>\$ 191,836</u>	<u>\$ 124,613</u>	<u>\$ 316,449</u>	<u>\$ 2,053,377</u>

See accompanying notes to financial statements.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Women Helping Women	Leadership & Membership Development	Women Helping Children	Advocacy	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Expenses									
Salaries and wages	\$ 450,298	\$ 104,082	\$ 115,198	\$ 49,216	\$ 718,794	\$ 71,835	\$ 73,718	\$ 145,553	\$ 864,347
Employee benefits	<u>71,097</u>	<u>22,505</u>	<u>22,905</u>	<u>12,491</u>	<u>128,998</u>	<u>16,141</u>	<u>15,123</u>	<u>31,264</u>	<u>160,262</u>
	521,395	126,587	138,103	61,707	847,792	87,976	88,841	176,817	1,024,609
Other Expenses									
Contributions - in-kind									
program materials	256,125	-	-	-	256,125	-	-	-	256,125
Programs - direct expenditures	58,199	1,406	28,108	12,754	100,467	-	-	-	100,467
Program support - national									
organization	22,318	26,926	22,318	22,318	93,880	-	-	-	93,880
Advertising	4,528	658	808	658	6,652	1,950	750	2,700	9,352
Business meals	1,209	133	260	133	1,735	1,298	109	1,407	3,142
Computer support	15,110	1,751	1,863	1,065	19,789	10,953	266	11,219	31,008
Conferences	3,130	789	1,715	1,524	7,158	2,998	1,728	4,726	11,884
Depreciation and amortization	15,688	2,310	2,858	1,633	22,489	31,415	577	31,992	54,481
Insurance	11,116	475	888	465	12,944	5,499	188	5,687	18,631
Office expenses	13,433	15,468	3,004	2,587	34,492	7,997	2,307	10,304	44,796
Payroll processing fees	3,251	358	725	265	4,599	1,943	248	2,191	6,790
Postage	914	4,799	365	128	6,206	13,847	2,935	16,782	22,988
Printing and Publications	10,172	27,621	2,757	824	41,374	4,314	1,763	6,077	47,451
Professional development	506	-	-	-	506	-	-	-	506
Professional fees	11,165	4,776	2,233	1,276	19,450	12,441	2,757	15,198	34,648
Professional services in-kind	37,750	-	-	-	37,750	-	-	-	37,750
Repairs and maintenance	12,842	1,466	2,565	1,466	18,339	14,289	366	14,655	32,994
Scholarships awarded	31,500	-	-	-	31,500	-	-	-	31,500
Special events	-	7,731	-	-	7,731	-	-	-	7,731
Telephone	1,791	59	103	59	2,012	575	15	590	2,602
Travel	883	88	1,272	75	2,318	727	221	948	3,266
Utilities	<u>9,860</u>	<u>1,127</u>	<u>1,972</u>	<u>1,127</u>	<u>14,086</u>	<u>10,987</u>	<u>282</u>	<u>11,269</u>	<u>25,355</u>
	<u>\$ 1,042,885</u>	<u>\$ 224,528</u>	<u>\$ 211,917</u>	<u>\$ 110,064</u>	<u>\$ 1,589,394</u>	<u>\$ 209,209</u>	<u>\$ 103,353</u>	<u>\$ 312,562</u>	<u>\$ 1,901,956</u>

See accompanying notes to financial statements.



**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 582,392	\$ 161,351
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	88,363	75,448
Reinvestment of dividends and interest	(31,459)	(41,333)
Gains on investments	(151,098)	(108,859)
(Increase) decrease in operating assets		
Grants receivable	(5,564)	21,841
Prepaid expenses and other assets	(92,279)	(22,097)
Trust receivable	-	215,000
Increase (decrease) in operating liabilities		
Accounts payable	34,290	(7,131)
Accrued expenses	68,311	25,711
Accrued unemployment	<u>8,220</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>501,176</u>	<u>319,931</u>
Cash Flows from Investing Activities		
Purchases of investments	(2,547,594)	(471,032)
Proceeds on sales of investments	2,439,163	171,032
Purchases of property and equipment	<u>(303,338)</u>	<u>(99,714)</u>
Net Cash Used in Investing Activities	<u>(411,769)</u>	<u>(399,714)</u>
Net Increase (Decrease) in Cash	89,407	(79,783)
Cash, beginning of year	<u>268,685</u>	<u>348,468</u>
Cash, end of year	<u>\$ 358,092</u>	<u>\$ 268,685</u>

See accompanying notes to financial statements.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 - NATURE OF OPERATIONS

The Los Angeles Section National Council of Jewish Women, Inc. ("NCJW/LA") is a volunteer grassroots 501(c)(3) non-profit organization that addresses the social, economic, and political realities facing women and their families in Los Angeles. Founded in 1909, NCJW/LA strives to improve the quality of life of all women and children through responsive social services and community action.

NCJW/LA's organizational philosophies were borne out of, and remain distinguished by, a strong commitment to self-sufficiency, education, social responsibility, and the preservation of personal freedoms. These tenets are the cornerstone of NCJW/LA's programs and underscore its heritage as a women's empowerment organization.

The following is an overview of the current programs, services, and operations:

*Women Helping Women Community Counseling & Support Services ("WHWS")* - Works to improve the well-being of women and their families throughout the greater Los Angeles area. The majority of clients are women struggling to raise their families with very limited resources. WHWS operates a volunteer paraprofessional *Counseling Talkline*, provides individual and family counseling, support groups and assists clients in addressing problems arising from poverty, domestic violence, depression, unemployment, single parenthood, human trafficking, and child abuse through individualized case management. Counseling services and case management are also provided on a sliding scale for clients, both on site and at LAUSD schools and shelters.

*Women Helping Children Art and Literacy Programs for Youth ("WHC")* - Assists children and teens in succeeding in their educational experience and developing the skills necessary to lead a productive life. The *After-School Tutoring and Mentoring Program* at two inner-city homeless shelters trains volunteers to assist children with homework and provide support and encouragement. The school-based programs, *Art Pals* and *Light Up A Library*, provide art classes and assist libraries in staying open in Title I public elementary schools where lack of funding had led to closures and limited hours. Teen mom tutoring provides individual programs to help teen moms receive high school diplomas.

*Advocacy/Public Affairs* - Volunteers advocate at local, state, and national levels for public policy changes benefiting women, children and families, particularly on issues affecting NCJW/LA's clients. Issues that have been addressed by NCJW/LA include domestic violence, reproduction rights, women's health, the environment, human trafficking, individual rights, and childcare.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 - NATURE OF OPERATIONS (Continued)

*NCJW/LA Thrift Shops* - Operated by NCJW/LA for over eighty years, NCJW/LA Thrift Shops generate the major portion of NCJW/LA's operating budget. As a direct community service, NCJW/LA Thrift Shops provide free clothing to people in need through cooperative agreements with battered women's shelters, homeless shelters, and other agencies along with the Annual Clothing Giveaway.

NCJW/LA receives funding from federal and local agencies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Tax Status

NCJW/LA is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding state provisions.

NCJW/LA's federal income tax and informational returns for tax years ending June 30, 2008 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, NCJW/LA's only state tax jurisdiction, remain subject to examination by the California Franchise Tax Board for tax years ending June 30, 2007 and subsequent.

Financial Statement Presentation

NCJW/LA reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

*Unrestricted Net Assets, General* - Include contributions, fundraising, fees, sales and other forms of revenue that are not restricted by the donor or grantor as well as expenditures related to the general operations of NCJW/LA.

*Temporarily Restricted Net Assets* - Include contributions that are temporarily restricted by the donor or grantor. When the restriction expires, the net assets of this classification are reclassified to unrestricted net assets. Restricted contributions where restrictions are met in the same reporting period are classified as unrestricted.

*Permanently Restricted Net Assets* - Include contributions that have been restricted by the donor in perpetuity. NCJW/LA had no permanently restricted net assets as of June 30, 2011 or 2010.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the NCJW/LA considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable is a receivable from a governmental agency and deemed fully collectible. Therefore, no allowance for doubtful accounts is considered necessary.

Investments

Investments are monitored by the finance committee of the board of directors and are stated at fair value. Unrealized gains and losses are recognized aggregately. Realized gains and losses are recognized immediately and are computed using the specific identification method.

Short-term, highly liquid money market deposits are treated as investments.

ASC Topic *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the U.S., and expands disclosures about fair value measurements. Under this topic, the NCJW/LA must report its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3). At year end, all investments were considered to be Level 1 (see Note 4).

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the lease term. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the estimated useful life of the related asset as follows:

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

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated or amortized over the estimated useful lives of the related assets.

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. The review of recoverability is based on management's estimate of the undiscounted future cash flows that are expected to result from the asset's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of competition and other factors. 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.

Contributions

Contributions consist primarily of donations from foundations, businesses and the general public. Contributions are accrued when committed to NCJW/LA by the donor.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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 recorded at the fair values in the period received. Donated services of \$60,500 have been recorded on the accompanying financial statements, of which \$8,500 is included in the in-kind services for thrift shops for the year ended June 30, 2011 (see Note 12). For the year ended June 30, 2010, NCJW/LA recorded donated services of \$46,150, of which \$8,400 is included in the in-kind services for the thrift shops.

A number of unpaid volunteers have made significant contributions of their time to NCJW/LA. However, the value of these services is not reflected in these financial statements because the criteria for recognition have not been satisfied.

NCJW/LA records the value of goods donated for sale when the goods are sold. Management believes that it is not possible to develop a reasonable estimate for the value of the inventory. Accordingly, NCJW/LA does not record an inventory balance for the goods held in stock within the thrift stores.

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.

Concentration of Risk

Occasionally, NCJW/LA's cash balances exceed the FDIC insured limit of \$250,000. NCJW/LA has not experienced and does not anticipate any losses related to these balances.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The NCJW/LA has evaluated events subsequent to June 30, 2011, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 8, 2011, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

NOTE 3 - PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following:

	2011	2010
Prepaid expenses and other current assets	\$ 244,858	\$ 158,926
Rental security deposits and workers' compensation deposit	158,478	152,131
	\$ 403,336	\$ 311,057

NOTE 4 - INVESTMENTS

Investments consist of the following:

	2011	2010
Fixed income funds	\$ 340,963	\$ 750,570
Mutual stock funds	239,961	560,039
Equities	927,569	-
Money market funds	383,224	290,120
	\$ 1,891,717	\$ 1,600,729

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 4 - INVESTMENTS (Continued)

Activity in the investments during the year was as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 1,600,729	\$ 1,150,537
Purchases	2,547,594	471,032
Reinvestments of dividends	41,058	41,333
Fees	(9,599)	-
Sales	(2,439,163)	(171,032)
Realized gains	122,324	-
Unrealized gains	<u>28,774</u>	<u>108,859</u>
	<u>\$ 1,891,717</u>	<u>\$ 1,600,729</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 90,750	\$ 90,750
Buildings and improvements	1,109,865	965,988
Furniture and equipment	608,989	509,146
Software	114,078	114,078
Leasehold improvements	<u>232,179</u>	<u>172,561</u>
	2,155,861	1,852,523
Accumulated depreciation	<u>(1,473,440)</u>	<u>(1,385,077)</u>
	<u>\$ 682,421</u>	<u>\$ 467,446</u>

Depreciation and amortization expense for the years ended June 30, 2011 and 2010 was \$88,363 and \$75,448, respectively, of which \$31,615 and \$20,967 was included in thrift shop operating costs for the years ended June 30, 2011 and 2010.



**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 6 - ACCRUED EXPENSES

Accrued expenses consist of the following:

	2011	2010
Accrued vacation	\$ 150,625	\$ 121,160
Accrued payroll	68,591	57,489
Other taxes payable	66,208	24,014
Other current liabilities	27,616	42,066
	\$ 313,040	\$ 244,729

NOTE 7 - COMMITMENTS AND CONTINGENCY

Leases

NCJW/LA leases nine thrift shop stores under operating leases expiring through August 2015. 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 for the next five years are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 905,933
2013	831,660
2014	622,268
2015	600,805
2016	118,549
	\$ 3,079,215

Rent expense under operating leases for the years ended June 30, 2011 and 2010 was \$1,209,847 and \$1,054,777, respectively.

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 7 - COMMITMENTS AND CONTINGENCY (Continued)

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. Management believes that any such liability would not be material to its financial statements.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows:

	<u>Balance, June 30, 2011</u>	<u>Balance, June 30, 2010</u>
Emergency Survival Fund	\$ 13,750	\$ 40,715
I. Lawrence / Mr. Bauer Fund	19,539	27,539
Sherman & Frances Teller Teachers' Scholarship	16,285	-
Susan Schulman Begley Scholarship	15,175	16,155
Samuel Schulman Scholarship	15,162	15,112
Sophie Greenstadt (I Wish) Fund	9,189	9,689
Helen Holmes Fund	6,443	6,443
S. Turrell Literacy Fund	6,400	6,400
Shelli Dodell Scholarship Fund	5,000	-
Ellis Childcare Fund	3,500	4,000
S. Goldberg Childcare Subsidy Fund	1,600	3,600
June Miller Scholarship Fund	1,475	-
Singerman-Nossek Scholarship	<u>2,021</u>	<u>2,521</u>
	<u>\$ 115,539</u>	<u>\$ 132,174</u>

**LOS ANGELES SECTION  
NATIONAL COUNCIL OF JEWISH WOMEN, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**NOTE 9 - ACCRUED UNEMPLOYMENT LIABILITY**

NCJW/LA has elected to be self-insured for purposes of California state unemployment insurance. Accrued unemployment liability at June 30, 2011 and 2010 of \$28,394 and \$20,174, respectively, represent estimated future claims arising from payroll paid to date. Unemployment claims for the years ended June 30, 2011 and 2010 were \$33,025 and \$19,518, respectively.

**NOTE 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 was no outstanding balance on the line of credit at June 30, 2011 or 2010. The line of credit agreement contains various restrictive covenants that include the maintenance of certain financial ratios, as defined in the agreement. For the fiscal years ended June 30, 2011 and 2010, NCJW/LA met all debt covenants.

**NOTE 11 - 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 matching contributions up to 3% of employee's annual earnings during the years ended June 30, 2011 and 2010. Employer contributions under this plan for the years ended June 30, 2011 and 2010 were \$39,962 and \$39,733.

**NOTE 12 - CONTRIBUTIONS - IN-KIND PROGRAM MATERIALS**

During the year, NCJW/LA received donated thrift shop goods at its stores, which it in turn provided to the clients it serves under WHWS. Under NCJW/LA's thrift stores policy, donated items are not recorded until sold. These thrift shop goods, although not sold, are recorded and valued at the average fair market values of similar goods sold at NCJW/LA's thrift stores to reflect their use by NCJW/LA's programs. For the years ended June 30, 2011 and 2010, a total of \$326,663 and \$256,125 was recognized as contributions - in-kind program materials revenue and expense.