

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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**



## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9 - 21
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22 - 23

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**LOS ANGELES SECTION**  
**NATIONAL COUNCIL OF JEWISH WOMEN, INC. (dba NCJW/LA)**  
Los Angeles, California

We have audited the accompanying financial statements of Los Angeles Section National Council of Jewish Women, Inc. ("NCJW/LA"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 ("U.S. GAAP"); 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the U.S. ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the U.S. 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 auditors consider internal control relevant to NCJW/LA'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 NCJW/LA'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, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. GAAP.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2015, on our consideration of NCJW/LA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCJW/LA's internal control over financial reporting and compliance.

### **Prior Period Financial Statement**

The financial statements of Los Angeles Section National Council of Jewish Women, Inc. as of June 30, 2014 were audited by RBZ, LLP, whose practice became part of Armanino<sup>LLP</sup> as of August 1, 2015, and whose report dated October 20, 2014, expressed a disclaimer of opinion on those statements as permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in cursive script that reads "Armanino LLP".

Armanino<sup>LLP</sup>  
Los Angeles, California

October 21, 2015

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

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2015 AND 2014**

ASSETS

	2015	2014
Cash	\$ 1,039,524	\$ 644,310
Grant Receivable	-	11,095
Insurance Recovery Receivable	-	195,917
Prepaid Expenses and Other Assets	382,832	454,703
Investments	2,136,146	2,046,483
Property and Equipment, net	1,459,788	1,503,904
 Total Assets	 \$ 5,018,290	 \$ 4,856,412

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 620,323	\$ 766,445
Accrued unemployment	75,090	87,577
Total Liabilities	695,413	854,022
Commitments and Contingencies (Notes 7, 9 and 10)		
Net Assets		
Unrestricted		
General	2,403,279	2,203,644
Board-designated reserves	1,600,000	1,600,000
	4,003,279	3,803,644
Temporarily restricted	319,598	198,746
Total Net Assets	4,322,877	4,002,390
Total Liabilities and Net Assets	\$ 5,018,290	\$ 4,856,412

See accompanying notes to financial statements.

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Council thrift shops			
Thrift shop sales	\$ 9,064,534	\$ -	\$ 9,064,534
Less: Thrift shop operating costs	(7,179,944)	-	(7,179,944)
Contributions-in-kind services	<u>7,710</u>	<u>-</u>	<u>7,710</u>
	<u>1,892,300</u>	<u>-</u>	<u>1,892,300</u>
Contributions-in-kind program materials	429,828	-	429,828
Contributions	157,093	317,233	474,326
Bequests	32	-	32
Grants - government	175,381	-	175,381
In-kind contributions of services	45,258	-	45,258
Rental income	36,265	-	36,265
Program service revenue	85,211	-	85,211
Memberships	17,156	-	17,156
Miscellaneous	589	-	589
Net Assets Released from Restrictions	<u>196,381</u>	<u>(196,381)</u>	<u>-</u>
	<u>1,143,194</u>	<u>120,852</u>	<u>1,264,046</u>
	<u>3,035,494</u>	<u>120,852</u>	<u>3,156,346</u>
Functional Expenses			
Program services			
Women helping women	1,580,490	-	1,580,490
Membership & outreach	244,271	-	244,271
Community engagement & special programs	259,919	-	259,919
Women helping children	248,650	-	248,650
Advocacy	<u>196,815</u>	<u>-</u>	<u>196,815</u>
	2,530,145	-	2,530,145
Management and fundraising			
Management and general	236,926	-	236,926
Fundraising	<u>158,451</u>	<u>-</u>	<u>158,451</u>
	<u>2,925,522</u>	<u>-</u>	<u>2,925,522</u>
Changes in Net Assets from Operations	109,972	120,852	230,824
Investment Income, net of fees	<u>89,663</u>	<u>-</u>	<u>89,663</u>
Changes in Net Assets	199,635	120,852	320,487
Net Assets, beginning of year	<u>3,803,644</u>	<u>198,746</u>	<u>4,002,390</u>
Net Assets, end of year	<u>\$ 4,003,279</u>	<u>\$ 319,598</u>	<u>\$ 4,322,877</u>

See accompanying notes to financial statements.

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Council thrift shops			
Thrift shop sales	\$ 8,533,605	\$ -	\$ 8,533,605
Less: Thrift shop operating costs	(6,833,457)	-	(6,833,457)
Car sales	3,166	-	3,166
Contributions-in-kind services	7,700	-	7,700
	1,711,014	-	1,711,014
Contributions-in-kind program materials	491,090	-	491,090
Contributions	256,898	84,022	340,920
Bequests	2,409	-	2,409
Grants - government	142,697	-	142,697
In-kind contributions of services	36,000	-	36,000
Rental income	36,724	-	36,724
Program service revenue	34,652	-	34,652
Memberships	22,356	-	22,356
Miscellaneous	3,141	-	3,141
Net Assets Released from Restrictions	54,604	(54,604)	-
	1,080,571	29,418	1,109,989
	2,791,585	29,418	2,821,003
Functional Expenses			
Program services			
Women helping women	1,494,224	-	1,494,224
Membership & outreach	254,164	-	254,164
Community engagement & special programs	249,578	-	249,578
Women helping children	220,947	-	220,947
Advocacy	216,612	-	216,612
	2,435,525	-	2,435,525
Management and Fundraising			
Management and general	224,385	-	224,385
Fundraising	154,962	-	154,962
	2,814,872	-	2,814,872
Changes in Net Assets from Operations	(23,287)	29,418	6,131
Non-Operating Income			
Investment income, net of fees	272,425	-	272,425
Insurance recovery	734,308	-	734,308
Total Non-Operating Income	1,006,733	-	1,006,733
Changes in Net Assets	983,446	29,418	1,012,864
Net Assets, beginning of year	2,820,198	169,328	2,989,526
Net Assets, end of year	\$ 3,803,644	\$ 198,746	\$ 4,002,390

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, 2015**

	Women Helping Women	Membership & Outreach	Community Engagement & Special Programs	Women Helping Children	Advocacy	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Expenses										
Salaries	\$ 612,308	\$ 103,521	\$ 122,460	\$ 126,079	\$ 95,732	\$ 1,060,100	\$ 65,047	\$ 101,819	\$ 166,866	\$ 1,226,966
Employee benefits	<u>132,247</u>	<u>26,289</u>	<u>32,499</u>	<u>32,432</u>	<u>30,123</u>	<u>253,590</u>	<u>17,058</u>	<u>24,519</u>	<u>41,577</u>	<u>295,167</u>
	744,555	129,810	154,959	158,511	125,855	1,313,690	82,105	126,338	208,443	1,522,133
Other Expenses										
Contributions-in-kind program materials	425,914	-	-	-	-	425,914	-	-	-	425,914
Programs - direct expenditures	71,662	15,532	47,183	42,641	18,598	195,616	-	-	-	195,616
Program support - national organization	26,328	30,372	26,328	26,328	26,328	135,684	-	661	661	136,345
Advertising	645	28,986	1,001	95	2,668	33,395	490	95	585	33,980
Computer support	13,429	1,766	419	838	1,048	17,500	5,653	629	6,282	23,782
Conferences	1,211	672	2,388	672	611	5,554	733	661	1,394	6,948
Depreciation and amortization	72,813	8,633	3,232	6,465	8,081	99,224	56,167	5,180	61,347	160,571
Food expenses	856	479	226	724	422	2,707	851	422	1,273	3,980
Insurance	21,737	1,665	686	1,175	1,665	26,928	10,113	979	11,092	38,020
Office expenses	35,782	14,456	4,381	4,090	4,632	63,341	7,378	18,373	25,751	89,092
Payroll processing fees	-	-	-	-	-	-	19,107	-	19,107	19,107
Postage	808	1,574	187	124	59	2,752	-	-	-	2,752
Printing and publications	4,235	3,401	1,817	1,230	582	11,265	862	1,035	1,897	13,162
Professional fees	14,357	682	682	359	359	16,439	21,690	359	22,049	38,488
Professional services in-kind	35,448	-	9,810	-	-	45,258	-	-	-	45,258
Repairs and maintenance	31,427	3,423	1,369	2,738	3,423	42,380	18,549	2,053	20,602	62,982
Scholarships awarded	54,843	-	-	-	-	54,843	-	-	-	54,843
Telephone	7,222	654	263	524	654	9,317	3,534	393	3,927	13,244
Travel	1,151	381	4,274	708	45	6,559	54	202	256	6,815
Utilities	<u>16,067</u>	<u>1,785</u>	<u>714</u>	<u>1,428</u>	<u>1,785</u>	<u>21,779</u>	<u>9,640</u>	<u>1,071</u>	<u>10,711</u>	<u>32,490</u>
	<u>\$ 1,580,490</u>	<u>\$ 244,271</u>	<u>\$ 259,919</u>	<u>\$ 248,650</u>	<u>\$ 196,815</u>	<u>\$ 2,530,145</u>	<u>\$ 236,926</u>	<u>\$ 158,451</u>	<u>\$ 395,377</u>	<u>\$ 2,925,522</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, 2014**

	Women Helping Women	Membership & Outreach	Community Engagement & Special Programs	Women Helping Children	Advocacy	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Expenses										
Salaries	\$ 592,365	\$ 104,391	\$ 111,651	\$ 119,471	\$ 115,835	\$ 1,043,713	\$ 63,500	\$ 95,433	\$ 158,933	\$ 1,202,646
Employee benefits	<u>139,579</u>	<u>28,176</u>	<u>31,464</u>	<u>30,496</u>	<u>33,628</u>	<u>263,343</u>	<u>18,066</u>	<u>24,492</u>	<u>42,558</u>	<u>305,901</u>
	731,944	132,567	143,115	149,967	149,463	1,307,056	81,566	119,925	201,491	1,508,547
Other Expenses										
Contributions-in-kind program materials	481,467	-	-	-	-	481,467	-	-	-	481,467
Programs - direct expenditures	59,179	23,679	43,940	21,347	8,256	156,401	-	-	-	156,401
Program support - national organization	24,180	29,892	24,180	24,180	24,180	126,612	-	-	-	126,612
Advertising	671	26,483	9,095	176	899	37,324	643	4,067	4,710	42,034
Computer support	15,329	2,054	504	1,007	1,259	20,153	6,797	755	7,552	27,705
Conferences	1,922	1,081	1,040	1,081	4,075	9,199	3,476	983	4,459	13,658
Depreciation and amortization	44,933	5,598	1,938	3,876	4,846	61,191	42,733	3,359	46,092	107,283
Food expenses	564	327	148	327	297	1,663	513	297	810	2,473
Insurance	18,200	1,231	507	869	1,231	22,038	8,480	724	9,204	31,242
Office expenses	14,508	13,618	4,420	5,106	4,737	42,389	7,982	11,939	19,921	62,310
Payroll processing fees	-	-	-	-	-	-	21,196	-	21,196	21,196
Postage	1,098	2,553	634	100	3,877	8,262	-	562	562	8,824
Printing and publications	8,241	3,985	6,777	1,976	2,903	23,882	1,426	2,839	4,265	28,147
Professional fees	6,540	6,539	6,540	6,539	6,539	32,697	26,521	7,039	33,560	66,257
Professional services in-kind	32,000	-	4,000	-	-	36,000	-	-	-	36,000
Repairs and maintenance	16,972	1,878	752	1,502	1,878	22,982	11,055	1,128	12,183	35,165
Scholarships awarded	15,000	-	-	-	-	15,000	-	-	-	15,000
Telephone	6,092	530	233	424	530	7,809	3,543	318	3,861	11,670
Travel	1,550	612	1,140	1,240	105	4,647	154	105	259	4,906
Utilities	<u>13,834</u>	<u>1,537</u>	<u>615</u>	<u>1,230</u>	<u>1,537</u>	<u>18,753</u>	<u>8,300</u>	<u>922</u>	<u>9,222</u>	<u>27,975</u>
	<u>\$ 1,494,224</u>	<u>\$ 254,164</u>	<u>\$ 249,578</u>	<u>\$ 220,947</u>	<u>\$ 216,612</u>	<u>\$ 2,435,525</u>	<u>\$ 224,385</u>	<u>\$ 154,962</u>	<u>\$ 379,347</u>	<u>\$ 2,814,872</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 320,487	\$ 1,012,864
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	228,275	168,774
Reinvestment of dividends and interest, net of fees	(20,430)	(30,038)
Realized and unrealized gains on investments	(69,233)	(242,371)
Insurance recovery	-	(734,308)
(Increase) decrease in operating assets		
Grant receivable	11,095	(11,095)
Prepaid expenses and other assets	71,871	7,996
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(146,122)	101,676
Accrued unemployment	(12,487)	71,669
Net Cash Provided by Operating Activities	<u>383,456</u>	<u>345,167</u>
Cash Flows from Investing Activities		
Purchases of investments	(525,798)	(524,581)
Proceeds from sales of investments	513,466	687,365
Net activity in cash held in investments	12,332	20,926
Purchases of property and equipment	(184,159)	(687,564)
Proceeds from insurance recovery	195,917	549,446
Net Cash Provided by Investing Activities	<u>11,758</u>	<u>45,592</u>
Net Increase in Cash	395,214	390,759
Cash, beginning of year	<u>644,310</u>	<u>253,551</u>
Cash, end of year	<u>\$ 1,039,524</u>	<u>\$ 644,310</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, 2015 AND 2014**

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, 2015 AND 2014**

NOTE 1 - NATURE OF OPERATIONS (Continued)

*Community Engagement and Special Programs* - Provides tools and networks to educate, empower, inspire, and connect Jewish women throughout Southern California. Provides workshops throughout the year and the annual Jewish Women's Conference to ensure that women have opportunities to be a part of a like-minded and proactive community.

*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.

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 informational returns for tax years ending June 30, 2012 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, 2011 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* - 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. Included in unrestricted net assets is a board designated reserve (see Note 9).

*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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

*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, 2015 or 2014.

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

Short-term investments with an original maturity of three months or less at the time of purchase are considered to be cash equivalents. Cash and cash temporarily held as part of investment activities are included within investments. Cash and cash equivalents are reported at cost which approximates market value. NCJW/LA had no cash equivalents as of June 30, 2015 or 2014.

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.

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

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

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. 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 years ended June 30, 2015 or 2014.

Contributions

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

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 \$52,968 have been recorded on the accompanying financial statements, of which \$7,710 is included in the in-kind services for thrift shops for the year ended June 30, 2015. For the year ended June 30, 2014, NCJW/LA recorded donated services of \$43,100, of which \$7,700 is included in the in-kind services for the thrift shops. Additionally, donated thrift shop goods are discussed below.

Certain NCJW/LA programs rely upon the extensive use of volunteer time which has not been recognized within the financial statements because the activities do not meet the criteria described above. During 2015 and 2014, NCJW/LA received the services of 682 and 643 volunteers providing 12,132 and 10,467 hours, respectively. Management has estimated the value of these services to be approximately \$325,987 and \$275,701 calculated using the Independent Sector Volunteer Rate for California of \$26.87 and \$26.34, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Goods

NCJW/LA records the value of goods donated for sale as 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 the contribution. Accordingly, NCJW/LA does not record an inventory balance for the goods held in stock within the thrift stores. Donated goods provided to needy families and individuals are recorded as contributions and expenses at the estimated fair value of the goods distributed. Donated goods that are utilized for NCJW/LA are discussed in Note 13.

Sales Tax

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

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 FDIC-insured limits. NCJW/LA has not experienced and does not anticipate any losses related to these balances.

Reclassifications

Certain 2014 balances have been reclassified in order to conform to the 2015 presentation.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

NCJW/LA has evaluated events subsequent to June 30, 2015, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 21, 2015, 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:

	<u>2015</u>	<u>2014</u>
Prepaid expenses and other current assets	\$ 237,079	\$ 306,542
Rental security deposits and workers' compensation deposit	136,753	136,693
Other receivables	<u>9,000</u>	<u>11,468</u>
	<u>\$ 382,832</u>	<u>\$ 454,703</u>

NOTE 4 - 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). As of June 30, 2015 and 2014, all investments were considered to be Level 1 and Level 2.



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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 4 - INVESTMENTS (Continued)

Investments consist of the following:

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 207,929	\$ 201,405
Mutual stock funds	296,393	-
Equities	1,332,471	1,240,968
Fixed income funds	-	301,067
Government securities	105,336	116,833
Corporate bonds	<u>194,017</u>	<u>186,210</u>
	<u>\$ 2,136,146</u>	<u>\$ 2,046,483</u>

Activity in the investments during the year was as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 2,046,483	\$ 1,957,784
Purchases of investments	525,798	524,581
Reinvestments of dividends and interest	46,516	51,301
Investment fees	(26,086)	(21,263)
Proceeds from sales of investments	(513,466)	(687,365)
Net money market activity	(12,332)	(20,926)
Realized gains on sales of investments	73,994	83,574
Unrealized gains (losses) on investments	<u>(4,761)</u>	<u>158,797</u>
	<u>\$ 2,136,146</u>	<u>\$ 2,046,483</u>

The following table sets forth by level, within the fair value hierarchy, NCJW/LA's assets at fair value as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 207,929	\$ -	\$ -	\$ 207,929
Mutual stock funds	296,393	-	-	296,393
Equities	1,332,471	-	-	1,332,471
Government securities	105,336	-	-	105,336
Corporate bonds	<u>-</u>	<u>194,017</u>	<u>-</u>	<u>194,017</u>
	<u>\$ 1,942,129</u>	<u>\$ 194,017</u>	<u>\$ -</u>	<u>\$ 2,136,146</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 4 - INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, NCJW/LA's assets at fair value as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 201,405	\$ -	\$ -	\$ 201,405
Equities	1,240,968	-	-	1,240,968
Fixed income funds	301,067	-	-	301,067
Government securities	116,833	-	-	116,833
Corporate bonds	<u>-</u>	<u>186,210</u>	<u>-</u>	<u>186,210</u>
	<u>\$ 1,860,273</u>	<u>\$ 186,210</u>	<u>\$ -</u>	<u>\$ 2,046,483</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 90,750	\$ 90,750
Buildings and improvements	1,956,314	1,904,027
Furniture and equipment	796,940	722,220
Software	179,008	132,446
Leasehold improvements	<u>466,124</u>	<u>455,534</u>
	3,489,136	3,304,977
Accumulated depreciation and amortization	<u>(2,029,348)</u>	<u>(1,801,073)</u>
	<u>\$ 1,459,788</u>	<u>\$ 1,503,904</u>

Depreciation and amortization expense for the years ended June 30, 2015 and 2014 was \$228,275 and \$168,774, respectively, of which \$67,704 and \$61,491 was included in thrift shop operating costs for the years ended June 30, 2015 and 2014.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	2015	2014
Accrued vacation	\$ 195,815	\$ 206,571
Accrued expenses	17,719	137,779
Accrued straight-line rent	91,781	104,587
Accrued payroll	190,099	168,178
Accrued sublease deficiency	5,750	41,020
Sales tax payable	64,526	56,735
Other current liabilities	54,633	51,575
	\$ 620,323	\$ 766,445

NOTE 7 - COMMITMENTS AND CONTINGENCY

Leases

NCJW/LA leases eight thrift shop stores under operating leases expiring through 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-cancelable operating leases are as follows:

<u>Year Ending June 30.</u>		
2016	\$	1,307,687
2017		1,090,945
2018		910,192
2019		658,601
2020		630,008
Thereafter		545,594
	\$	5,143,027

Rent expense under operating leases for the years ended June 30, 2015 and 2014 was \$1,349,757 and \$1,309,438, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 7 - COMMITMENTS AND CONTINGENCY (Continued)

NCJW/LA subleased the former North Fairfax thrift store location to an unrelated third party. NCJW/LA remained the lessee on the original lease agreement, which is reflected in the table above, that expired on August 31, 2015. The future lease commitment expense and sublease rental income are as follows:

<u>Year Ending June 30,</u>	<u>Lease Commitment</u>	<u>Sublease Income</u>	<u>Net Deficiency</u>
2016	<u>\$ 31,678</u>	<u>\$ 25,928</u>	<u>\$ 5,750</u>

Contracts

NCJW/LA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. 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 included in its financial statements. Management believes that any such liability would not be material to its financial position.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are all purpose restricted as of June 30 and consist of the following:

	<u>2015</u>	<u>2014</u>
Weingart Foundation	\$ 87,500	\$ -
Sherman & Frances Teller Teachers' Scholarship	47,953	41,953
Emergency Survival Fund	39,473	17,629
S. Teller & R. Hotson TV & Cinema Scholarship	39,100	32,100
Back to School Store	26,806	-
I. Lawrence / Mr. Bauer Fund	17,939	29,939
Susan Schulman Begley Scholarship	15,250	13,205
Samuel Schulman Scholarship	11,692	12,692
Advocacy-CA PAN	7,500	-
June Miller Scholarship Fund	7,075	11,475
Singerman-Nossek Scholarship	6,521	7,521
Sophie Greenstadt (I Wish) Fund	5,289	7,289
Helen Holmes Fund (Women Helping Children)	-	6,443
S. Turrell Literacy Fund (Women Helping Children)	-	6,400
Shelli Dodell Scholarship Fund	5,000	8,000
Ellis Childcare Fund	1,500	2,500
S. Goldberg Childcare Subsidy Fund	<u>1,000</u>	<u>1,600</u>
	<u>\$ 319,598</u>	<u>\$ 198,746</u>

NOTE 9 - OPERATING RESERVE FUND POLICY

In 2014, the Organization's Finance Committee adopted an Operating Reserve Policy that requires the Organization to maintain a non-restricted reserve of \$1,500,000 to financially support the Organization during times of severe economic loss resulting from the impact of natural disasters on thrift store operations, and a building and capital asset reserve of \$100,000 for long-term capital projects. Both reserves have been included in 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 10 - ACCRUED UNEMPLOYMENT LIABILITY**

NCJW/LA has elected the reimbursable method of financing unemployment insurance. Under this method, the Organization is not required to make contributions to the State Unemployment Insurance Fund. It currently uses the Unemployment Services Trust ("UST") agency to handle its reimbursement payment to the state for unemployment benefits paid to eligible ex-employees of the Organization. Under this election, the Organization has established a provision for future claims in the amount of \$75,090 and \$87,577 as of June 30, 2015 and 2014, respectively. The Organization makes quarterly deposits to UST based on estimated expected value of future unemployment benefits payable by UST. Unemployment claims for the years ended June 30, 2015 and 2014 were \$43,515 and \$62,403, respectively.

**NOTE 11 - LINE OF CREDIT**

NCJW/LA has a revolving line of credit in the amount of \$100,000 with an interest rate of the bank reference rate plus 2.25 percentage points. There was no outstanding balance on the line of credit at June 30, 2015 or 2014. 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, 2015 and 2014, NCJW/LA met all restrictive covenants.

**NOTE 12 - 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 NCJW/LA for the year then ended. NCJW/LA made matching contributions of up to 3% of employee's annual earnings during the years ended June 30, 2015 and 2014. Employer contributions under this plan for the years ended June 30, 2015 and 2014 were \$42,931 and \$39,407, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 13 - 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, 2015 and 2014, a total of \$425,914 and \$481,467 was recognized as contributions-in-kind program materials revenue and expense.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America (the "U.S.") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the U.S. the financial statements of Los Angeles Section National Council of Jewish Women, Inc. ("NCJW/LA") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements, and have issued our report thereon dated October 21, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NCJW/LA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCJW/LA's internal control. Accordingly, we do not express an opinion on the effectiveness of NCJW/LA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NCJW/LA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NCJW/LA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NCJW/LA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCJW/LA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Armanino<sup>LLP</sup>  
Los Angeles, California

October 21, 2015