

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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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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, 2014 and 2013, 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 the 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 the 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. GAAP.



INDEPENDENT AUDITORS' REPORT (Continued)

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated , on our consideration of the 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 the NCJW/LA's internal control over financial reporting and compliance.

*RBZ, LLP*

October 20, 2014

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

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2014 AND 2013**

ASSETS

	2014	2013
Cash	\$ 644,310	\$ 253,551
Grant Receivable	11,095	-
Insurance Recovery Receivable	195,917	-
Prepaid Expenses and Other Assets	454,703	462,699
Investments	2,046,483	1,957,784
Property and Equipment, net	1,503,904	996,169
 Total Assets	 \$ 4,856,412	 \$ 3,670,203

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 766,445	\$ 664,769
Accrued unemployment	87,577	15,908
 Total Liabilities	 854,022	 680,677
 Commitments and Contingencies (Notes 7, 9, 10 and 14)		
 Net Assets		
Unrestricted		
General	2,203,644	2,820,198
Board-designated reserves	1,600,000	-
	3,803,644	2,820,198
Temporarily restricted	198,746	169,328
 Total Net Assets	 4,002,390	 2,989,526
	\$ 4,856,412	\$ 3,670,203

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**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
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	<u>7,700</u>	<u>-</u>	<u>7,700</u>
	<u>1,711,014</u>	<u>-</u>	<u>1,711,014</u>
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	<u>54,604</u>	<u>(54,604)</u>	<u>-</u>
	<u>1,080,571</u>	<u>29,418</u>	<u>1,109,989</u>
	<u>2,791,585</u>	<u>29,418</u>	<u>2,821,003</u>
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	<u>216,612</u>	<u>-</u>	<u>216,612</u>
	2,435,525	-	2,435,525
Management and Fundraising			
Management and general	224,385	-	224,385
Fundraising	<u>154,962</u>	<u>-</u>	<u>154,962</u>
	<u>2,814,872</u>	<u>-</u>	<u>2,814,872</u>
Changes in Net Assets from Operations	<u>(23,287)</u>	<u>29,418</u>	<u>6,131</u>
Non-Operating Income			
Investment income, net of fees	272,425	-	272,425
Insurance recovery (Note 14)	<u>734,308</u>	<u>-</u>	<u>734,308</u>
Total Non-Operating Income	<u>1,006,733</u>	<u>-</u>	<u>1,006,733</u>
Changes in Net Assets (Note 15)	983,446	29,418	1,012,864
Net Assets, beginning of year	<u>2,820,198</u>	<u>169,328</u>	<u>2,989,526</u>
Net Assets, end of year	<u>\$ 3,803,644</u>	<u>\$ 198,746</u>	<u>\$ 4,002,390</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, 2013**

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Council thrift shops			
Thrift shop sales	\$ 8,584,156	\$ -	\$ 8,584,156
Less: Thrift shop operating costs	(6,929,883)	-	(6,929,883)
Car sales	5,800	-	5,800
Contributions-in-kind services	7,750	-	7,750
	1,667,823	-	1,667,823
Contributions-in-kind program materials	349,576	-	349,576
Contributions	128,470	77,770	206,240
Bequests	103,169	-	103,169
Grants - government	96,113	-	96,113
In-kind contributions of services	42,220	-	42,220
Rental income	36,385	-	36,385
Program service revenue	33,405	-	33,405
Memberships	16,996	-	16,996
Miscellaneous	9,516	-	9,516
Net Assets Released from Restrictions	56,576	(56,576)	-
	872,426	21,194	893,620
	2,540,249	21,194	2,561,443
Functional Expenses			
Program services			
Women helping women	1,347,852	-	1,347,852
Membership & outreach	261,776	-	261,776
Community engagement & special programs	217,920	-	217,920
Women helping children	234,050	-	234,050
Advocacy	210,530	-	210,530
	2,272,128	-	2,272,128
Management and Fundraising			
Management and general	204,727	-	204,727
Fundraising	142,969	-	142,969
	2,619,824	-	2,619,824
Changes in Net Assets from Operations	(79,575)	21,194	(58,381)
Non-Operating Income			
Investment income, net of fees	137,431	-	137,431
Sublease deficiency accrued	(82,225)	-	(82,225)
Total Non-Operating Income	55,206	-	55,206
Changes in Net Assets	(24,369)	21,194	(3,175)
Net Assets, beginning of year	2,844,567	148,134	2,992,701
Net Assets, end of year	\$ 2,820,198	\$ 169,328	\$ 2,989,526

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.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 620,094	\$ 114,598	\$ 102,398	\$ 136,518	\$ 106,105	\$ 1,079,713	\$ 64,095	\$ 99,000	\$ 163,095	\$ 1,242,808
Employee benefits	<u>114,787</u>	<u>26,724</u>	<u>24,281</u>	<u>31,575</u>	<u>28,827</u>	<u>226,194</u>	<u>11,672</u>	<u>21,993</u>	<u>33,665</u>	<u>259,859</u>
	734,881	141,322	126,679	168,093	134,932	1,305,907	75,767	120,993	196,760	1,502,667
Other Expenses										
Contributions-in-kind program materials	348,547	-	-	-	-	348,547	-	-	-	348,547
Programs - direct expenditures	42,565	16,345	31,561	23,080	21,637	135,188	-	-	-	135,188
Program support - national organization	22,691	26,267	20,764	22,691	22,691	115,104	-	-	-	115,104
Program events	-	13,339	-	-	-	13,339	-	-	-	13,339
Advertising	923	27,470	12,511	396	847	42,147	222	726	948	43,095
Computer support	16,446	2,299	678	1,106	1,383	21,912	7,468	940	8,408	30,320
Conferences	2,494	1,586	786	1,091	8,579	14,536	1,136	1,032	2,168	16,704
Depreciation and amortization	33,080	4,679	1,408	2,816	3,520	45,503	41,582	2,807	44,389	89,892
Equipment	-	-	70	-	-	70	-	-	-	70
Food expenses	716	330	188	544	285	2,063	341	285	626	2,689
Insurance	16,975	955	414	775	955	20,074	6,122	594	6,716	26,790
Office expenses	15,552	13,040	4,525	3,674	3,760	40,551	6,328	8,165	14,493	55,044
Payroll processing fees	-	-	-	-	-	-	22,646	-	22,646	22,646
Postage	1,691	2,647	1,526	334	71	6,269	-	2,431	2,431	8,700
Printing and publications	8,144	3,966	4,660	2,938	3,241	22,949	1,064	1,753	2,817	25,766
Professional fees	1,552	3,227	4,785	1,602	1,552	12,718	21,920	952	22,872	35,590
Professional services in-kind	33,320	-	5,600	-	3,300	42,220	-	-	-	42,220
Repairs and maintenance	16,919	1,847	739	1,477	1,847	22,829	9,973	1,108	11,081	33,910
Scholarships awarded	32,000	-	-	-	-	32,000	-	-	-	32,000
Telephone	5,557	458	229	915	457	7,616	2,473	274	2,747	10,363
Travel	1,120	590	233	1,391	64	3,398	77	64	141	3,539
Utilities	<u>12,679</u>	<u>1,409</u>	<u>564</u>	<u>1,127</u>	<u>1,409</u>	<u>17,188</u>	<u>7,608</u>	<u>845</u>	<u>8,453</u>	<u>25,641</u>
	<u>\$ 1,347,852</u>	<u>\$ 261,776</u>	<u>\$ 217,920</u>	<u>\$ 234,050</u>	<u>\$ 210,530</u>	<u>\$ 2,272,128</u>	<u>\$ 204,727</u>	<u>\$ 142,969</u>	<u>\$ 347,696</u>	<u>\$ 2,619,824</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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 1,012,864	\$ (3,175)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	168,774	145,625
Reinvestment of dividends and interest, net of fees	(30,038)	(32,991)
Realized and unrealized gains on investments	(242,371)	(104,439)
Insurance recovery	(734,308)	-
(Increase) decrease in operating assets		
Grant receivable	(11,095)	-
Prepaid expenses and other assets	7,996	(53,451)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	101,676	111,327
Accrued unemployment	<u>71,669</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>345,167</u>	<u>62,896</u>
Cash Flows from Investing Activities		
Purchases of investments	(524,581)	(1,297,184)
Proceeds on sales of investments	687,365	1,230,768
Net activity in cash held in investments	20,926	166,216
Purchases of property and equipment	(687,564)	(244,601)
Proceeds from insurance recovery	<u>549,446</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>45,592</u>	<u>(144,801)</u>
Net Increase (Decrease) in Cash	390,759	(81,905)
Cash, beginning of year	<u>253,551</u>	<u>335,456</u>
Cash, end of year	<u>\$ 644,310</u>	<u>\$ 253,551</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, 2014 AND 2013**

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, 2014 AND 2013**

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, 2011 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, 2010 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.

*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, 2014 AND 2013**

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, 2014 or 2013.

Use of Estimates

Management uses estimates and assumptions in preparing the 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.

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). As of June 30, 2014 and 2013, all investments were considered to be Level 1 and Level 2 (see Note 4).

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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. 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, 2014 or 2013.

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 \$43,700 have been recorded on the accompanying financial statements, of which \$7,700 is included in the in-kind services for thrift shops for the year ended June 30, 2014. For the year ended June 30, 2013, NCJW/LA recorded donated services of \$49,970, of which \$7,750 is included in the in-kind services for the thrift shops. Additionally, donated thrift shop goods are discussed below.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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 2014 and 2013, NCJW/LA received the services of 643 and 500 volunteers providing 10,467 and 13,014 hours, respectively. Management has estimated the value of these services to be approximately \$275,701 and \$322,096 calculated using the Independent Sector Volunteer Rate for California of \$26.34 and \$24.75, respectively.

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 good 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain 2013 balances have been reclassified in order to conform to the 2014 presentation.

Subsequent Events

The NCJW/LA has evaluated events subsequent to June 30, 2014, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 20, 2014, 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>2014</u>	<u>2013</u>
Prepaid expenses and other current assets	\$ 306,542	\$ 261,062
Rental security deposits and workers' compensation deposit	136,693	139,723
Other receivables	<u>11,468</u>	<u>61,914</u>
	<u>\$ 454,703</u>	<u>\$ 462,699</u>



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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4 - INVESTMENTS

Investments consist of the following:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 201,405	\$ 194,964
Mutual stock funds	-	271,857
Equities	1,240,968	1,142,619
Fixed income funds	301,067	-
Government securities	116,833	143,795
Corporate bonds	<u>186,210</u>	<u>204,549</u>
	<u>\$ 2,046,483</u>	<u>\$ 1,957,784</u>

Activity in the investments during the year was as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 1,957,784	\$ 1,920,154
Purchases of investments	524,581	1,297,184
Reinvestments of dividends and interest	51,301	52,600
Investment fees	(21,263)	(19,608)
Proceeds from sales of investments	(687,365)	(1,230,768)
Net money market activity	(20,926)	(166,217)
Realized gains on sales of investments	83,574	71,039
Unrealized gains on investments	<u>158,797</u>	<u>33,400</u>
	<u>\$ 2,046,483</u>	<u>\$ 1,957,784</u>

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	40,333	260,734	-	301,067
Government securities	116,833	-	-	116,833
Corporate bonds	<u>-</u>	<u>186,210</u>	<u>-</u>	<u>186,210</u>
	<u>\$ 1,599,539</u>	<u>\$ 446,944</u>	<u>\$ -</u>	<u>\$ 2,046,483</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 194,964	\$ -	\$ -	\$ 194,964
Mutual stock funds	271,857	-	-	271,857
Equities	1,142,619	-	-	1,142,619
Government securities	143,795	-	-	143,795
Corporate bonds	<u>-</u>	<u>204,549</u>	<u>-</u>	<u>204,549</u>
	<u>\$ 1,753,235</u>	<u>\$ 204,549</u>	<u>\$ -</u>	<u>\$ 1,957,784</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 90,750	\$ 90,750
Buildings and improvements	1,904,027	1,397,591
Furniture and equipment	722,220	643,967
Software	132,446	132,446
Leasehold improvements	<u>455,534</u>	<u>446,300</u>
	3,304,977	2,711,054
Accumulated depreciation	<u>(1,801,073)</u>	<u>(1,714,885)</u>
	<u>\$ 1,503,904</u>	<u>\$ 996,169</u>

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$168,774 and \$145,625, respectively, of which \$61,491 and \$55,733 was included in thrift shop operating costs for the years ended June 30, 2014 and 2013.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	2014	2013
Accrued vacation	\$ 206,571	\$ 197,709
Accrued expenses	137,779	-
Accrued straight-line rent	104,587	117,393
Accrued payroll	168,178	154,486
Accrued sublease deficiency	41,020	82,225
Sales tax payable	56,735	60,257
Other current liabilities	51,575	52,699
	\$ 766,445	\$ 664,769

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 for the next five years are as follows:

<u>Year Ending June 30.</u>		
2015	\$	1,539,348
2016		813,637
2017		333,287
2018		221,805
2019		228,459
Thereafter		769,138
	\$	3,905,674

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 7 - COMMITMENTS AND CONTINGENCY (Continued)

Rent expense under operating leases for the years ended June 30, 2014 and 2013 was \$1,309,438 and \$1,371,272, respectively.

NCJW/LA subleases the former North Fairfax thrift store location to an unrelated third party. NCJW/LA remains the lessee on the original lease agreement, which is reflected in the table above, that expires 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>
2015	\$ 189,845	\$ 154,685	\$ 35,160
2016	<u>31,788</u>	<u>25,928</u>	<u>5,860</u>
	<u>\$ 221,633</u>	<u>\$ 180,613</u>	<u>\$ 41,020</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, 2014 AND 2013**

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
Emergency Survival Fund	\$ 17,629	\$ 19,011
I. Lawrence / Mr. Bauer Fund	29,939	26,339
Sherman & Frances Teller Teachers' Scholarship	41,953	33,853
Susan Schulman Begley Scholarship	13,205	13,205
Samuel Schulman Scholarship	12,692	13,692
Sophie Greenstadt (I Wish) Fund	7,289	7,289
Helen Holmes Fund (Women Helping Children)	6,443	6,443
S. Turrell Literacy Fund (Women Helping Children)	6,400	6,400
Shelli Dodell Scholarship Fund	8,000	8,000
Ellis Childcare Fund	2,500	1,500
S. Goldberg Childcare Subsidy Fund	1,600	2,600
June Miller Scholarship Fund	11,475	5,475
Singerman-Nosseck Scholarship	7,521	2,521
S. Teller & R. Hotson TV & Cinema Scholarship	32,100	23,000
	\$ 198,746	\$ 169,328

NOTE 9 - OPERATING RESERVE FUND POLICY

During the year, 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, 2014 AND 2013**

**NOTE 10 - ACCRUED UNEMPLOYMENT LIABILITY**

NCJW/LA has elected to be self-insured for purposes of California state unemployment insurance and has established a provision for future claims in the amount of \$87,577 and \$15,908 as of June 30, 2014 and 2013, respectively. Unemployment claims for the years ended June 30, 2014 and 2013 were \$62,403 and \$9,739, 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 three percentage points. There was no outstanding balance on the line of credit at June 30, 2014 or 2013. 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, 2014 and 2013, 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 the agency 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, 2014 and 2013. Employer contributions under this plan for the years ended June 30, 2014 and 2013 were \$39,407 and \$40,605, respectively.

**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, 2014 and 2013, a total of \$481,467 and \$348,547 was recognized as contributions-in-kind program materials revenue and expense.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 14 - INSURANCE RECOVERY

In February 2014, NCJW/LA experienced flooding in the main office due to a water heater break. The amount estimated to be recovered from insurance, net of the loss from disposal of fixed assets, for the fiscal year ended June 30, 2014 was \$734,308, of which \$549,446 was collected through June 30, 2014. NCJW/LA continues to work with the insurance company for claims related to the water damage.

NOTE 15 - CHANGE IN NET ASSETS

During the year, NCJW/LA received insurance proceeds related to the water damage described in Note 14 above. The proceeds are being used to replace fixed assets. Under generally accepted accounting principles (GAAP), these replacements appear as new assets on NCJW/LA's balance sheet, rather than as expenses. Accordingly, for GAAP purposes, NCJW/LA's change in net assets for the year reflects a one-time increase that will be offset in subsequent years through depreciation expense.

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 *GOVERNMENT AUDITING STANDARDS*

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, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated .

**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 the entity'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*.





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 *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.

*RBZ, LLP*

October 20, 2014