

**JEWISH WOMEN INTERNATIONAL**

FINANCIAL STATEMENTS

JUNE 30, 2017



**JEWISH WOMEN INTERNATIONAL**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2017 AND 2016**

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## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Trustees of  
Jewish Women International

We have audited the accompanying financial statements of Jewish Women International (JWI), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JWI as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Calibre CPA Group, PLLC*

Bethesda, MD  
March 28, 2019

**JEWISH WOMEN INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**

JUNE 30, 2017 AND 2016

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 108,193	\$ 50,865
Investments	342,180	568,627
Pledges receivable	310,457	501,139
Note receivable	50,000	648,769
Other receivable	500	24,768
Inventory	37,976	32,786
Prepaid expenses	27,967	26,413
Total current assets	877,273	1,853,367
<b>NONCURRENT ASSETS</b>		
Pledges receivable	143,009	103,009
Property and equipment, net of accumulated depreciation of \$228,183 and \$177,938, respectively	2,378,708	2,428,953
Land held in trust for Jerusalem Hills Children's Home	-	2,676,449
Assets held for deferred compensation	193,347	164,448
Total noncurrent assets	2,715,064	5,372,859
Total assets	\$ 3,592,337	\$ 7,226,226
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 172,676	\$ 198,492
Accrued expenses	89,682	103,398
Deferred revenue	34,802	37,832
Line of credit	111,901	84,229
Total current liabilities	409,061	423,951
<b>NONCURRENT LIABILITIES</b>		
Accounts payable	27,000	29,000
Deferred compensation liability	193,347	164,448
Line of credit	-	111,979
Pledges payable	-	2,676,449
Deferred rent liability	310,565	342,307
Total non-current liabilities	530,912	3,324,183
Total liabilities	939,973	3,748,134
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	1,428,747	1,777,708
Board designated	20,000	20,000
Total unrestricted net assets	1,448,747	1,797,708
Temporarily restricted	967,358	949,273
Permanently restricted	236,259	731,111
Total net assets	2,652,364	3,478,092
Total liabilities and net assets	\$ 3,592,337	\$ 7,226,226

See accompanying notes to financial statements.

# JEWISH WOMEN INTERNATIONAL

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2017

	Unrestricted			Restricted		
	Undesignated	Board Designated	Total	Temporarily	Permanently	Total
<b>REVENUE</b>						
Contributions	\$ 664,044	\$ -	\$ 664,044	\$ -	\$ -	\$ 664,044
Bequest	208,921	-	208,921	357,669	-	566,590
Membership dues	97,103	-	97,103	-	-	97,103
Foundation and corporate grants	72,220	-	72,220	14,312	-	86,532
Investment	21,169	-	21,169	-	-	21,169
Inventory sales, net	89,843	-	89,843	-	-	89,843
Registration	36,561	-	36,561	-	-	36,561
Advertising	17,443	-	17,443	-	-	17,443
Other	155,538	-	155,538	-	-	155,538
Net assets released from donor restrictions	848,748	-	848,748	(353,896)	(494,852)	-
Total revenue	<u>2,211,590</u>	<u>-</u>	<u>2,211,590</u>	<u>18,085</u>	<u>(494,852)</u>	<u>1,734,823</u>
<b>EXPENSES</b>						
Program services						
Women's programs	382,268	-	382,268	-	-	382,268
Youth programs	913,683	-	913,683	-	-	913,683
Leadership and training	538,076	-	538,076	-	-	538,076
Community development	422,794	-	422,794	-	-	422,794
Total program services	<u>2,256,821</u>	<u>-</u>	<u>2,256,821</u>	<u>-</u>	<u>-</u>	<u>2,256,821</u>
Supporting services						
Management and general	157,593	-	157,593	-	-	157,593
Fundraising	146,137	-	146,137	-	-	146,137
Total supporting services	<u>303,730</u>	<u>-</u>	<u>303,730</u>	<u>-</u>	<u>-</u>	<u>303,730</u>
Total expenses	<u>2,560,551</u>	<u>-</u>	<u>2,560,551</u>	<u>-</u>	<u>-</u>	<u>2,560,551</u>
CHANGE IN NET ASSETS	(348,961)	-	(348,961)	18,085	(494,852)	(825,728)
<b>NET ASSETS</b>						
Beginning of year	<u>1,777,708</u>	<u>20,000</u>	<u>1,797,708</u>	<u>949,273</u>	<u>731,111</u>	<u>3,478,092</u>
End of year	<u>\$ 1,428,747</u>	<u>\$ 20,000</u>	<u>\$ 1,448,747</u>	<u>\$ 967,358</u>	<u>\$ 236,259</u>	<u>\$ 2,652,364</u>

See accompanying notes to financial statements.

## JEWISH WOMEN INTERNATIONAL

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2016

	Unrestricted			Restricted		
	Undesignated	Board Designated	Total	Temporarily	Permanently	Total
<b>REVENUE</b>						
Contributions	\$ 692,196	\$ -	\$ 692,196	\$ -	\$ -	\$ 692,196
Bequest	18,460	-	18,460	120,000	-	138,460
Membership dues	95,909	-	95,909	-	-	95,909
Foundation and corporate grants	133,886	-	133,886	155,000	-	288,886
Investment income	18,580	-	18,580	-	-	18,580
Inventory sales, net	89,266	-	89,266	-	-	89,266
Royalties	12	-	12	-	-	12
Registration	45,589	-	45,589	-	-	45,589
Advertising	7,250	-	7,250	-	-	7,250
Subscriptions	234	-	234	-	-	234
Other	366,621	-	366,621	-	-	366,621
Net assets released from donor restrictions	993,913	-	993,913	(993,913)	-	-
Total revenue	<u>2,461,916</u>	<u>-</u>	<u>2,461,916</u>	<u>(718,913)</u>	<u>-</u>	<u>1,743,003</u>
<b>EXPENSES</b>						
Program services						
Women's programs	408,772	-	408,772	-	-	408,772
Youth programs	502,827	-	502,827	-	-	502,827
Leadership and training	428,255	-	428,255	-	-	428,255
Community development	394,566	-	394,566	-	-	394,566
Total program services	<u>1,734,420</u>	<u>-</u>	<u>1,734,420</u>	<u>-</u>	<u>-</u>	<u>1,734,420</u>
Supporting services						
Management and general	150,467	-	150,467	-	-	150,467
Fundraising	95,097	-	95,097	-	-	95,097
Total supporting services	<u>245,564</u>	<u>-</u>	<u>245,564</u>	<u>-</u>	<u>-</u>	<u>245,564</u>
Total expenses	<u>1,979,984</u>	<u>-</u>	<u>1,979,984</u>	<u>-</u>	<u>-</u>	<u>1,979,984</u>
CHANGE IN NET ASSETS	481,932	-	481,932	(718,913)	-	(236,981)
<b>NET ASSETS</b>						
BEGINNING OF YEAR	<u>1,295,776</u>	<u>20,000</u>	<u>1,315,776</u>	<u>1,668,186</u>	<u>731,111</u>	<u>3,715,073</u>
END OF YEAR	<u>\$ 1,777,708</u>	<u>\$ 20,000</u>	<u>\$ 1,797,708</u>	<u>\$ 949,273</u>	<u>\$ 731,111</u>	<u>\$ 3,478,092</u>

See accompanying notes to financial statements.

**JEWISH WOMEN INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)**

	2017						2016	
	Program Services			Supporting Services			Total	Total
	Women's Programs	Youth Programs	Leadership and Training	Community Development	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 188,412	\$ 148,957	\$ 260,050	\$ 196,551	\$ 793,970	\$ 59,805	\$ 933,269	\$ 841,007
Employee benefits and taxes	32,878	25,993	45,379	34,298	138,548	13,870	162,855	158,900
Travel and lodging	2,397	1,895	3,309	2,501	10,102	1,011	11,875	16,169
Rent and utilities	57,627	45,559	79,538	60,116	242,840	24,314	285,445	295,078
Postage and shipping	4,173	3,299	5,759	4,353	17,584	1,761	20,669	28,038
Professional services	29,849	24,192	29,126	25,247	108,414	8,903	124,015	266,165
Printing and copying	2,201	1,740	18,456	6,718	29,115	929	30,743	19,957
Writers	-	11,411	7,085	-	18,496	-	18,846	13,588
Telephone	3,093	2,445	4,269	3,226	13,033	1,305	15,319	15,306
Marketing awards and gifts	-	694	34	484	1,212	-	8,719	12,127
Insurance	4,693	3,710	6,477	4,896	19,776	1,980	23,245	20,068
Equipment rental and maintenance	12,631	9,986	17,433	13,176	53,226	5,329	62,565	38,487
Office supplies	3,693	2,920	5,097	3,853	15,563	1,558	18,293	4,330
Bank charges, taxes and fees	5,472	4,326	7,553	5,709	23,060	2,309	27,105	27,069
Dues and subscriptions	1,751	1,384	2,416	1,826	7,377	739	8,671	28,320
Staff recruiting and retention	1,078	852	1,488	1,124	4,542	455	5,339	303
Miscellaneous expense	2,157	1,705	2,977	2,250	9,089	910	10,684	9,298
Depreciation	10,144	8,019	14,000	10,582	42,745	4,280	50,245	54,797
Events and meetings	14,675	11,602	20,254	15,309	61,840	6,191	72,689	84,225
Interest expense	5,344	4,225	7,376	5,575	22,520	2,255	26,472	43,476
Contributions	-	598,769	-	-	598,769	-	598,769	-
Library project grants	-	-	-	25,000	25,000	-	25,000	1,327
Supplies	-	-	-	-	-	19,719	19,719	1,949
Total	\$ 382,268	\$ 913,683	\$ 538,076	\$ 422,794	\$ 2,256,821	\$ 157,593	\$ 2,560,551	\$ 1,979,984

See accompanying notes to financial statements.



**JEWISH WOMEN INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

	Program Services				Supporting Services			Total Expenses
	Women's Programs	Youth Programs	Leadership and Training	Community Development	Total	Management and General	Fundraising	
Salaries	\$ 168,202	\$ 218,662	\$ 176,611	\$ 168,201	\$ 731,676	\$ 67,280	\$ 42,051	\$ 841,007
Employee benefits and taxes	31,780	41,314	33,369	31,780	138,243	12,712	7,945	158,900
Travel and lodging	3,234	4,204	3,395	3,234	14,067	1,294	808	16,169
Rent and utilities	59,016	76,720	61,966	59,016	256,718	23,606	14,754	295,078
Postage and shipping	5,608	7,290	5,888	5,608	24,394	2,243	1,401	28,038
Professional services	53,233	69,203	55,895	53,233	231,564	21,293	13,308	266,165
Printing and copying	3,991	5,189	4,191	3,991	17,362	1,597	998	19,957
Writers	3,124	4,060	3,280	3,124	13,588	-	-	13,588
Telephone	3,061	3,980	3,214	3,061	13,316	1,224	766	15,306
Marketing awards and gifts	2,425	3,153	2,547	2,425	10,550	970	607	12,127
Insurance	4,014	5,218	4,214	4,014	17,460	1,605	1,003	20,068
Equipment rental and maintenance	7,697	10,007	8,082	7,697	33,483	3,079	1,925	38,487
Office supplies	866	1,126	909	866	3,767	346	217	4,330
Bank charges, taxes and fees	5,414	7,038	5,684	5,414	23,550	2,166	1,353	27,069
Dues and subscriptions	5,664	7,363	5,947	5,664	24,638	2,266	1,416	28,320
Staff recruiting and retention	61	79	64	61	265	24	14	303
Miscellaneous expense	1,860	2,417	1,953	1,860	8,090	744	464	9,298
Depreciation	10,959	14,247	11,507	10,959	47,672	4,384	2,741	54,797
Events and meetings	29,479	9,746	30,000	15,000	84,225	-	-	84,225
Interest expense	8,695	11,304	9,130	8,695	37,824	3,478	2,174	43,476
Library project grants	-	-	-	274	274	-	1,053	1,327
Supplies	389	507	409	389	1,694	156	99	1,949
<b>Total</b>	<b>\$ 408,772</b>	<b>\$ 502,827</b>	<b>\$ 428,255</b>	<b>\$ 394,566</b>	<b>\$ 1,734,420</b>	<b>\$ 150,467</b>	<b>\$ 95,097</b>	<b>\$ 1,979,984</b>

See accompanying notes to financial statements.

**JEWISH WOMEN INTERNATIONAL**

**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (825,728)	\$ (236,981)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	50,245	54,797
Net appreciation of investments	(12,243)	(3,298)
Changes in		
Accounts receivable	174,950	500,269
Note receivable	598,769	
Inventory	(5,190)	-
Prepaid expenses	(1,554)	(20,944)
Changes in		
Accounts payable	(27,816)	(138,379)
Accrued expenses	(13,716)	(72,911)
Deferred revenue	(3,030)	(11,320)
Annuities payable, net of current portion	-	(3,280)
Deferred rent liability	(31,742)	(27,159)
Net cash provided by (used for) operating activities	(97,055)	40,794
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(176,658)	(510,886)
Proceeds from sale of marketable securities	415,348	671,116
Net cash provided by investing activities	238,690	160,230
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan payments	(84,307)	(252,881)
Net cash used for financing activities	(84,307)	(252,881)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	57,328	(51,857)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	50,865	102,722
End of year	\$ 108,193	\$ 50,865
<b><u>SUPPLEMENTAL DISCLOSURES:</u></b>		
Interest paid	\$ 26,472	\$ 43,476

See accompanying notes to financial statements.

## **JEWISH WOMEN INTERNATIONAL**

### **NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 2017 AND 2016

#### **NOTE 1. ORGANIZATION**

The Jewish Women International (JWI) is a not-for-profit organization, incorporated in 1962 as B'nai B'rith Women. JWI's mission is to strengthen the lives of women, children and families - focusing on family violence and the emotional health of children.

#### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting** - The accompanying financial statements are presented on the accrual basis of accounting. In accordance with U.S. generally accepted accounting principles, JWI is required to report information regarding its financial position and activities according to three classes of net assets - unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The financial statements do not include the accounts or transactions of JWI affiliated chapters and councils or the Residential Treatment Center in Israel.

**Cash and Cash Equivalents** - Cash on hand, deposits in banks, and highly liquid instruments with original maturities of three months or less are considered to be cash and cash equivalents for the purpose of these statements.

**Investments** - Equity investments, mutual funds, exchange-traded funds, U.S. Treasury Notes (fixed income securities) and assets held in deferred compensation plan are stated at fair value which represents publicly quoted market prices as of June 30, 2017 and 2016. Money market funds and State of Israel bonds are carried at cost, which approximates fair value.

**Property and Equipment** - Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method, ranging from 3 to 30 years. Leasehold improvements are amortized over the shorter of the term of the related lease or the estimated useful lives of the assets.

**Deferred Revenue** - Deferred revenue consists of deferred membership dues and deferred conference registration fees. Membership dues which relate to future months are reported as deferred revenue. Revenue from contributions and bequests is recognized as revenue when earned. Income from conferences and other services is recognized as revenue in the period in which services are provided.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses** - The costs of providing various programs and supporting services is summarized on a functional basis in the statement of activities. Expenses are directly charged to the appropriate program activity, where feasible. Certain costs, principally rent, insurance, depreciation and salaries, and general overhead costs have been allocated among the programs and supporting services benefited based on management's estimates of time and costs devoted in each area.

**Inventory** - Inventory consisted primarily of pins, mezuzahs and cards. They are valued at the lower of cost or market value, using the first-in, first-out method of accounting.

**Revenue Recognition** - Revenue is recognized when earned. Contributions are recognized in accordance with the provisions of U.S. generally accepted accounting principles.

**In-Kind Contributions** - In-kind contributions of services have been reflected where recognition is allowed and the fair value can be reasonably estimated.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Income Taxes** - JWI is exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code and is also exempt from income taxation by the District of Columbia. However, the organization is required to report unrelated business income, if any, to the Internal Revenue Service and the District of Columbia. JWI is not a private foundation.

JWI follows the provisions of U.S. generally accepted accounting principles regarding accounting for uncertainty in income taxes. The provisions prescribe a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. This had no impact on JWI's financial statements. JWI's Federal Form 990 and 990-T are subject to examination generally for three years after being filed. The 990 and 990-T for the years prior to the year ending June 30, 2014 are no longer subject to examination.

**Net Assets** - JWI is required to present balances and transactions based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related activity are classified into three net asset categories as follows:

**Unrestricted** - Net assets that are not subject to donor-imposed restrictions.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Temporarily Restricted** - Net assets that are subject to donor-imposed restrictions that will be met either by passage of time or by actions of JWI pursuant to a stated purpose. Items that affect this net asset category are restricted contributions for which restrictions have not been met. These amounts are reclassified to unrestricted net assets when such restrictions are met or have expired. See Note 8 for additional information on net assets.

It is JWI's policy to report restricted contributions and income on restricted net assets whose restrictions are met in the same reporting period as unrestricted contributions and unrestricted investment income.

**Permanently Restricted** - Net assets that result from gifts of cash and other assets wherein donors stipulate that the corpus is held in perpetuity to provide a permanent source of income. See Note 8 for additional information on net assets.

**Reclassifications** - Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation.

## NOTE 3. INVESTMENTS

Investments at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 3,053	\$ 56,959
Equity investments	58,367	80,742
Exchange-traded funds	25,285	-
Mutual funds - asset allocation	142,975	268,426
State of Israel bonds	<u>112,500</u>	<u>162,500</u>
	<u>\$ 342,180</u>	<u>\$ 568,627</u>

For the years ended June 30, 2017 and 2016, investment income included net appreciation of \$12,243 and \$3,298, respectively.

JWI reports fair value using a hierarchy for observable independent market inputs and unobservable market assumptions about fair value measurements. Observable inputs are inputs that market participants operating within the same marketplace as JWI would use in pricing the JWI's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of JWI are traded.

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.

**NOTE 3. INVESTMENTS (CONTINUED)**

Level 2 – Valuation based on quoted market prices of investments that are not actively traded, but for which certain significant inputs are observable, either directly or indirectly.

Level 3 – Valuation based on inputs that are unobservable and reflect management’s best estimate of what market participants would use as fair value.

The following tables set forth by level, within the fair value hierarchy, JWI’s investments at fair value as of June 30, 2017 and 2016

<u>Description</u>	<u>Total Investments at 6/30/2017</u>	<u>Quoted Market Prices for Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 3,053	\$ 3,053	\$ -	\$ -
Equity investments	58,367	58,367	-	-
Mutual funds - asset allocation	142,975	142,975	-	-
Exchange-traded funds	25,285	25,285	-	-
State of Israel bonds	<u>112,500</u>	<u>-</u>	<u>112,500</u>	<u>-</u>
	<u>\$ 342,180</u>	<u>\$ 229,680</u>	<u>\$ 112,500</u>	<u>\$ -</u>
Assets held in deferred compensation plan	<u>\$ 193,347</u>	<u>\$ 193,347</u>	<u>\$ -</u>	<u>\$ -</u>
Liability for deferred compensation	<u>\$ 193,347</u>	<u>\$ 193,347</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 3. INVESTMENTS (CONTINUED)**

Description	Total Investments at 6/30/2016	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 56,959	\$ 56,959	\$ -	\$ -
Equity investments	80,742	80,742	-	-
Mutual funds - asset allocation	268,426	268,426	-	-
State of Israel bonds	<u>162,500</u>	<u>-</u>	<u>162,500</u>	<u>-</u>
	<u>\$ 568,627</u>	<u>\$ 406,127</u>	<u>\$ 162,500</u>	<u>\$ -</u>
Assets held in deferred compensation plan	<u>\$ 164,448</u>	<u>\$ 164,448</u>	<u>\$ -</u>	<u>\$ -</u>
Liability for deferred compensation	<u>\$ 164,448</u>	<u>\$ 164,448</u>	<u>\$ -</u>	<u>\$ -</u>

Level 1 investments are valued based on the quoted market price as of the close of business on the last day of the fiscal year. The inputs used to value Level 2 investments consisted primarily of the stated interest rate, maturity term and credit worthiness of the bond issuer.

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment included the following at June 30, 2017 and 2016:

	2017	2016
Land, building and leasehold improvements	\$ 2,512,200	\$ 2,512,200
Furniture and equipment	<u>94,691</u>	<u>94,691</u>
	2,606,891	2,606,891
Less: accumulated depreciation and amortization	<u>(228,183)</u>	<u>(177,938)</u>
Net property and equipment	<u>\$ 2,378,708</u>	<u>\$ 2,428,953</u>

## **NOTE 5. JERUSALEM HILLS CHILDREN'S HOME**

The Jerusalem Hills Children's Home (the Home) (formerly the Jewish Women International Residential Treatment Center in Israel) was founded in 1943 to help emotionally disturbed children. The land and the building of the Home were previously in JWI's name, however JWI was contractually obligated to transfer the land and building to the Home upon the Home's repayment of its loan from JWI. Further, the Home's operations were funded by JWI and the State of Israel and were not controlled by JWI and, therefore, were not included in JWI's audited financial statements. The Home and JWI had entered into an agreement which stipulated that in the event of the discontinuation or dissolution of the Home, all assets of the Home shall be transferred to JWI. The Home's management had no plans to discontinue or dissolve; therefore, no receivable had been recorded by JWI in the financial statements.

Annually, JWI budgeted amounts, if any, to be contributed to the Home. JWI contributed cash of \$20,000 and \$231,920 to the Home for the years ended June 30, 2017 and 2016, respectively. JWI had also previously provided the Home with the rent-free use of this land and building since the Home's inception. The fair value of the use of this land for each of the years ended June 30, 2017 and 2016 has been estimated at \$360,000.

Additionally, JWI receives contributions that are specified for distribution to the Home. These contributions are held by JWI and the earnings on them are used as part of JWI's annual contribution to the Home. U.S. generally accepted accounting principles stipulate that a financially interrelated organization shall recognize a contribution received when it receives assets (financial or nonfinancial) from a donor that are specified for the beneficiary. As such, contributions that are received by JWI and are specified for the Home have been recorded as temporarily restricted revenue on the accompanying statement of activities.

JWI provided the Home with operating loans during 2010. At June 30, 2016, the Home owed JWI \$648,769 in connection with these loans.

During calendar year 2015, JWI and the Home initiated discussions to settle outstanding loans of \$598,769 that the Home owed JWI. The underlying goal of the settlement was to find a way for JWI and the Home to simultaneously fulfill the commitments to their respective missions, while also creating a simpler financial arrangement between the two organizations.

The nature of this arrangement was for JWI to release the endowment held for the Home to the Home, which was the ultimate benefactor, and in return, the Home would repay the outstanding loan due back to JWI. The original endowment funds of \$494,852 were donated by two estate attorneys disbursing residual funds from clients who had passed. In years since, both estate attorneys had passed as well. Given the nature of the donations and circumstances since, JWI's attorney recommended that JWI's finance committee review the circumstances and recommend to the board a resolution broadening the scope of support and therefore, allowing JWI to transfer the endowment to the Home as fulfillment of its intended purpose and in return, the Home would settle the outstanding loan due back. In addition, JWI would transfer land for which the Home currently resides to the Home and make a non-cash contribution to the Home to settle interest owed on the previously outstanding loan.



**NOTE 5. JERUSALEM HILLS CHILDREN'S HOME (CONTINUED)**

During the year ended June 30, 2017, this agreement was finalized and put into place. Accordingly, permanently restricted net assets of \$494,852 were released from restriction. In addition, the land held in trust for the Home, valued at \$2,676,449, along with the corresponding liability, was released back to the Home and settled. Furthermore, JWI made non-cash contributions to the Home to settle notes and interest owed by the Home to JWI of \$598,769. The aforementioned activity is reflected in the accompanying June 30, 2017 financial statements.

**NOTE 6. PENSION PLAN**

JWI participated in the JWI pension plan (the Plan), a defined benefit plan covering substantially all employees of JWI. The benefits under the plan were based on final average compensation, and years of service (not to exceed 32) of participants. JWI's funding policy was to contribute an amount at least equal to the minimum required contribution. The Plan assets consisted primarily of mutual funds. Effective December 31, 2003, this plan was frozen. Effective August 31, 2013, this plan was terminated and JWI applied for the PBGC to take over the plan as a distressed termination. During the year ended June 30, 2015 JWI received confirmation that the PBGC had agreed to take over the plan. As a result, the liability for the excess of the projected benefit obligation over the plan assets was removed from JWI's financial statements and a gain on the termination of the plan was recognized on the statement of activities for the year ended June 30, 2015 in the amount of \$317,596. As of December 31, 2017 and 2016, JWI owes the PBGC \$29,000 and \$31,000, respectively which will be paid annually through 2025.

**Other Retirement Plans**

JWI has a tax deferred employee savings plan under Internal Revenue Service (IRS) Code Section 403(b), (the Plan) for its employees. Under the Plan, employees have the option to set aside a specified percentage of their salary to savings and exclude that amount from their Federal taxable income. The Plan includes a provision for employer matching contributions.

Certain members of JWI's senior management are also eligible to participate in a non-contributory deferred compensation plan, commonly referred to as a "Section 457 Plan". The participants are permitted to defer up to the legal limit of their annual salary, subject to certain IRS limitations. For each of the years ended June 30, 2017 and 2016, JWI contributed \$10,000 to the Executive Director's plan, as stipulated by the employment agreement.

## NOTE 7. COMMITMENTS AND CONTINGENCIES

**Operating Lease** - JWI is obligated under a noncancellable operating lease for office space at its headquarters. The lease contained rent abatements, build-out incentives and fixed increases in the annual rental amount. U.S. generally accepted accounting principles require that when lease agreements contain rent abatements and fixed increases in the annual rental amount, the total rental payments on the lease be recognized using the straight-line method over the life of the lease. JWI has reported the difference between the cash paid for rent and the straight-line rental expense as deferred rent liability in the accompanying statements of financial position, which totals \$310,565 and \$342,307 as of June 30, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

Year ended June 30, 2018	\$	195,667
2019		203,567
2020		208,656
2021		213,872
2022		219,219
Thereafter		<u>167,831</u>
	\$	<u>1,208,812</u>

## NOTE 8. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS

JWI has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of a donor-restricted fund, absent explicit donor stipulation to the contrary.

As a result of this interpretation, JWI classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to a permanent endowment, and (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JWI in a manner consistent with the standard of prudence prescribed by UPMIFA.

## NOTE 8. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS (CONTINUED)

In accordance with UPMIFA, JWI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation.
- The expected total return from income and the appreciation of investments.
- Other resources of JWI.
- The investment policies of JWI.

### Permanent Restrictions

Permanently restricted net assets consist of assets for which use by JWI is limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of JWI. The restrictions stipulate that resources be maintained permanently but permits JWI to expend the income generated in accordance with the provisions of the agreements.

Permanently restricted net assets at June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Youth programs		
Lustig/Sherman Trust	\$ -	\$ 35,600
Pozez	-	50,000
Salzman	-	10,250
Dixon	-	100,000
Sidransky	-	274,842
Fruitman, Belle, & Gordon	-	24,160
Total youth programs	<u>-</u>	<u>494,852</u>
General operations		
Lipson	30,492	30,492
AZ Pozez	181,000	181,000
Ginsburg	24,767	24,767
Total general operations	<u>236,259</u>	<u>236,259</u>
	<u>\$ 236,259</u>	<u>\$ 731,111</u>

During the year ended June 30, 2017, permanent restricted net assets of \$494,852 were released from restriction. See Note 5 for more information.

**NOTE 8. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS (CONTINUED)**

Temporary Restrictions

Temporarily restricted net assets consist of amounts that are subject to donor imposed restrictions. JWI is permitted to expend the donated assets as specified either by passage of time or by action of JWI.

Temporarily restricted net assets at June 30, 2017 consisted of the following:

	2017			
	Temporarily Restricted Net Assets <u>Beginning of Year</u>	Net Asset Additions	Net Assets Released	Temporarily Restricted Net Assets <u>End of Year</u>
Louis and Anita Perlman Fund Residential Treatment Center and Humanitarian Award	\$ 63,456	\$ -	\$ (20,000)	\$ 43,456
Jerusalem Hills Children's Home	103,947	-	(20,000)	83,947
Israel projects	315,642	-	(20,000)	295,642
Library program	25,113	-	(10,000)	15,113
Leadership and training programs	80,000	-	(40,000)	40,000
Youth projects	4,512	21,169	-	25,681
Women projects	15,000	100,812	(35,812)	80,000
Community development	<u>15,053</u>	<u>250,000</u>	<u>(130,000)</u>	<u>135,053</u>
Total purpose restricted	622,723	371,981	(275,812)	718,892
 Time restricted	 <u>326,550</u>	 <u>-</u>	 <u>(78,084)</u>	 <u>248,466</u>
Total	<u>\$ 949,273</u>	<u>\$ 371,981</u>	<u>\$ (353,896)</u>	<u>\$ 967,358</u>

**NOTE 8. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS (CONTINUED)**

Temporarily restricted net assets at June 30, 2016 consisted of the following:

	2016			
	Temporarily Restricted Net Assets <u>Beginning of Year</u>	Net Asset Additions	Net Assets Released	Temporarily Restricted Net Assets <u>End of Year</u>
Louis and Anita Perlman Fund				
Residential Treatment Center and Humanitarian Award	\$ 63,456	\$ -	\$ -	\$ 63,456
Jerusalem Hills Children's Home	335,867	-	(231,920)	103,947
Israel projects	315,642	-	-	315,642
Library program	25,113	-	-	25,113
Leadership and training programs	80,000	50,000	(50,000)	80,000
Youth projects	4,512	-	-	4,512
Women projects	-	105,000	(90,000)	15,000
Community development	30,053	-	(15,000)	15,053
Total purpose restricted	<u>854,643</u>	<u>155,000</u>	<u>(386,920)</u>	<u>622,723</u>
Time restricted	<u>813,543</u>	<u>120,000</u>	<u>(606,993)</u>	<u>326,550</u>
Total	<u>\$ 1,668,186</u>	<u>\$ 275,000</u>	<u>\$ (993,913)</u>	<u>\$ 949,273</u>

At June 30, 2017 and 2016, \$20,000 of JWI's net assets had been designated by the Board of Trustees as an operating reserve.

**NOTE 9. UNINSURED CASH AND CASH EQUIVALENTS**

The JWI maintains its cash in bank deposit accounts which at times may exceed federally insured limits in the United States. The Federal Deposit Insurance Corporation (FDIC) insures balances up to \$250,000 held at a financial institution. In addition, JWI maintains a bank account at a financial institution in Israel which is not insured by the Israeli government.

**NOTE 10. SPLIT INTEREST AGREEMENTS**

JWI is the beneficiary of several split interest agreements. JWI's interest in these split interest agreements is reported as a contribution at its net present value in the year received.

**NOTE 11. LINE OF CREDIT**

JWI has a bank line of credit totaling \$500,000, under which JWI may borrow at the bank's prime rate plus 1.0% (4.25% at June 30, 2016 and 2015). The line of credit is due on demand and secured by investments held by JWI. At June 30, 2017 and 2016, \$111,901 and \$196,208, respectively, was outstanding under this line of credit.

**NOTE 12. CONDITIONAL PLEDGE**

During the year ended June 30, 2014, JWI received a conditional award that will provide them up to \$250,000 over five years if certain conditions are met.

**NOTE 13. SUBSEQUENT EVENTS REVIEW**

Subsequent events have been evaluated through March 28, 2019, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.