

NATIONAL COUNCIL OF
CATHOLIC  WOMEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017



Independent Auditors' Report

The Board of Directors
National Council of Catholic Women
Arlington, VA

Report on the Financial Statements

We have audited the accompanying financial statements of National Council of Catholic Women, (The Council) which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 Council'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 Council'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.

7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814

202.770.6371

| www.mullinspc.com

| john@mullinspc.com

The Board of Directors
National Council of Catholic Women
Arlington VA

Report on the Financial Statements (Continued)

Auditors' Responsibility (Continued)

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 National Council of Catholic Women, Inc., as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Bethesda, Maryland
June 27, 2018

Certified Public Accountants

National Council of Catholic Women

**Statement of Financial Position
December 31, 2017**

Assets

Current Assets

Cash	\$	197,470
Pledges Receivable - Current		19,465
Inventory		14,799
Prepaid Expenses		7,013
Total Current Assets		238,747

Pledges Receivable - Net of Discounts **65,355**

Furniture and Equipment, Net **27,439**

Security Deposits **8,873**

Total Assets **\$ 340,414**

Liabilities and Net Assets

Current Liabilities

Accounts Payable and Accrued Expenses	\$	10,785
Pass-Thru Payables		18,846
Total Current Liabilities		29,631

Deferred Rent **21,032**

Total Liabilities **50,663**

Net Assets

Unrestricted Net Assets		190,432
Temporarily Restricted Net Assets		99,319
Total Net Assets		289,751

Total Liabilities and Net Assets **\$ 340,414**

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Activities
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions	\$ 100,484	\$ 17,714	\$ 118,198
Dues	262,255	-	262,255
Annual Convention	289,475	-	289,475
Sales (Less Cost of Sales of \$19,118)	21,333	-	21,333
Miscellaneous	704	-	704
Interest Income	277	-	277
Release of Temporarily Restricted Funds	41,804	(41,804)	-
Total Revenues	716,332	(24,090)	692,242
Expenses			
Membership Services	209,397	-	209,397
Annual Conference	248,608	-	248,608
Other Programs	37,146	-	37,146
Total Program Service Expense	495,151	-	495,151
General and Administrative	167,378	-	167,378
Fundraising	18,374	-	18,374
Total Supporting Service Expense	185,752	-	185,752
Total Expenses	680,903	-	680,903
Changes in Net Assets	35,429	(24,090)	11,339
Net Assets, Beginning of Year	155,003	123,409	278,412
Net Assets, End of Year	\$ 190,432	\$ 99,319	\$ 289,751

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Membership Services	Annual Conference	Other Programs	Total Program Services	General and Administrative	Fundraising	Total
Personnel Costs	\$ 104,580	\$ 40,459	\$ 17,842	\$ 162,881	\$ 49,456	\$ 10,411	\$ 222,748
Occupancy	29,450	11,327	4,984	45,761	13,438	2,669	61,868
Insurance	2,603	1,001	816	4,420	1,188	236	5,844
Depreciation	4,578	1,761	775	7,114	2,088	415	9,617
Travel	-	-	150	150	9,417	351	9,918
Professional Services	10,964	7,950	2,660	21,574	64,920	2,981	89,475
Conferences and Meetings	-	171,223	3,611	174,834	-	-	174,834
Office Expense	9,433	4,264	2,456	16,153	14,182	856	31,191
Printing and Publications	37,345	874	2,406	40,625	588	-	41,213
Postage and Shipping	4,924	3,437	346	8,707	9,229	-	17,936
Grants and Contributions	-	4,380	250	4,630	-	-	4,630
Communications	5,022	1,932	850	7,804	2,373	455	10,632
Other	498	-	-	498	499	-	997
Total Expenses	\$ 209,397	\$ 248,608	\$ 37,146	\$ 495,151	\$ 167,378	\$ 18,374	\$ 680,903

See Accompanying Notes to Financial Statements

National Council of Catholic Women

Statement of Cash Flows For the Year Ended December 31, 2017

Cash Flows from Operating Activities

Change in Net Assets	\$ 11,339
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities	
Depreciation	9,617
Deferred Rent	(2,623)
<u>(Increase) Decrease in Assets</u>	
Pledges Receivable	20,192
Inventory	2,046
Prepaid Expenses	(5,808)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	(22,659)
Pass-Thru Payables	4,437
Net Cash Provided by Operating Activities	<u>16,541</u>
Cash Flows from Investing Activities	
Purchases of Furniture and Equipment	<u>(9,950)</u>
Net Cash Used in Investing Activities	<u>(9,950)</u>
Net Increase in Cash	6,591
Cash, Beginning of Year	<u>190,879</u>
Cash, End of Year	<u>\$ 197,470</u>

See Accompanying Notes to Financial Statements

National Council of Catholic Women

Notes to Financial Statements December 31, 2017

1. ORGANIZATION AND PURPOSE

National Council of Catholic Women (The Council) consists of thousands of Catholic women and affiliated (group) Catholic women's organizations in parishes and dioceses throughout the United States. The Council was founded in 1920 by the United States Catholic Bishops and is tax-exempt under section 501(c)(3) of the Internal Revenue Code. The National Council of Catholic Women acts through its members to support, empower and educate all Catholic women in spirituality, leadership and service. NCCW programs respond with Gospel values to the needs of the Church and society in the modern world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Pledges Receivable

The Council records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Council determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges receivable are written off when deemed uncollectable. At December 31, 2017, there was no allowance for doubtful collections.

Inventory

The Council's inventory is comprised of merchandise held for sale and is stated at the lower of cost or market determined by the first-in first-out method.

Furniture and Equipment

The Council records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Pass-Thru Payables

The Council collects monies from its members intended to support specific programs of other non-profit organizations. These funds are treated as pass-thru liabilities because The Council does not have discretion as to the disbursement of the assets.

National Council of Catholic Women

Notes to Financial Statements December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and board-designated endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or our actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by our Board of Directors.

The Council reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Dues and contributions are recognized when cash, securities or other assets, an unconditional pledge receivable. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to The Council's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Council records donated professional services at the respective fair values of the services received

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

National Council of Catholic Women

Notes to Financial Statements December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

National Council of Catholic Women is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and has been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. The Council is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, The Council is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Council has determined that each entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Council has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Council would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Council's Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2014.

Subsequent Events

The Council has evaluated subsequent events through June 27, 2018, the date the financial statements were available to be issued.

3. CONCENTRATION OF CREDIT RISK

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. As of December 31, 2017, bank balances did not exceed the FDIC limit.

4. PLEDGES RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31, 2017:

Less Than One Year	\$	19,465
One to Five Years		61,754
More Than Five Years		5,600
		<hr/>
		86,819
		<hr/>
Pledge Discount		(6,094)
		<hr/>
Total	\$	80,725
		<hr/>

National Council of Catholic Women

Notes to Financial Statements December 31, 2017

5. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2017:

Furniture	\$ 15,466
Office Equipment	5,845
Computer Equipment	10,400
Software	35,789
Total	67,500
Less Accumulated Depreciation	(40,061)
Furniture and Equipment, Net	\$ 27,439

Depreciation expense was \$9,617 for the year ended December 31, 2017.

6. RESTRICTED NET ASSETS

Temporarily restricted net asset activity for the year ended December 31, 2017 is as follows:

	2016	Contributions	Releases	2017
WUCWO Travel	\$ 8,948	\$ -	\$ -	\$ 8,948
Leadership Programs	1,695	-	(204)	1,491
Associates of NCCW	2,420	11,000	(11,349)	2,071
Domestic Violence	3,049	-	(840)	2,209
High School and College CW	3,000	-	(99)	2,901
Time Restricted	104,297	6,714	(29,312)	81,699
Total	\$ 123,409	\$ 17,714	\$ (41,804)	\$ 99,319

7. LEASE COMMITMENT

In 2015, The Council amended its office lease to extend the term to March 31, 2021. Base monthly rent for the initial year was \$4,994 with annual escalations of approximately 3%.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statement of Financial Position. The deferred rent liability was \$21,032 for the year ended December 31, 2017.

National Council of Catholic Women

**Notes to Financial Statements
December 31, 2017**

7. LEASE COMMITMENT (CONTINUED)

Future minimum lease payments are as follows:

2018	\$ 63,196
2019	65,092
2020	67,034
2021	<u>17,177</u>
Total	<u>\$ 212,499</u>