

NATIONAL COUNCIL OF
CATHOLIC  WOMEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018



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, 2018 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, 2018, 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 11, 2019

Certified Public Accountants

National Council of Catholic Women
Statement of Financial Position
December 31, 2018
With Comparative Totals As of December 31, 2017

	Assets	2018	2017
Assets			
Cash	\$	196,267	\$ 197,470
Cash, Pass-Thru		37,094	-
Total Cash		233,361	197,470
Pledges Receivable		69,048	84,820
Inventory		28,680	14,799
Prepaid Expenses		6,480	7,013
Furniture and Equipment, Net		32,766	27,439
Security Deposits		8,873	8,873
Total Assets	\$	379,208	\$ 340,414
Liabilities and Net Assets			
Liabilities			
Accounts Payable and Accrued Expenses	\$	30,491	\$ 10,785
Pass-Thru Payables		30,271	18,846
Capital Lease Obligation		22,519	-
Deferred Rent		16,748	21,032
Total Liabilities		100,029	50,663
Net Assets			
Without Donor Restrictions		189,718	190,432
With Donor Restrictions		89,461	99,319
Total Net Assets		279,179	289,751
Total Liabilities and Net Assets	\$	379,208	\$ 340,414

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Activities
For the Year Ending December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Contributions	\$ 76,309	\$ 23,440	\$ 99,749	\$ 118,085
Dues	238,148	-	238,148	262,255
Annual Convention	290,775	-	290,775	289,588
Sales (Less Cost of Sales of \$12,362)	48,230	-	48,230	21,333
Miscellaneous	1,085	-	1,085	704
Interest Income	47	-	47	277
Release of Temporarily Restricted Funds	33,298	(33,298)	-	-
Total Revenues	<u>687,892</u>	<u>(9,858)</u>	<u>678,034</u>	<u>692,242</u>
Expenses				
Membership Services	198,437	-	198,437	209,397
Annual Conference	244,157	-	244,157	248,608
Other Programs	49,736	-	49,736	37,146
Total Program Service Expense	<u>492,330</u>	<u>-</u>	<u>492,330</u>	<u>495,151</u>
General and Administrative	180,471	-	180,471	167,378
Fundraising	15,805	-	15,805	18,374
Total Supporting Service Expense	<u>196,276</u>	<u>-</u>	<u>196,276</u>	<u>185,752</u>
Total Expenses	<u>688,606</u>	<u>-</u>	<u>688,606</u>	<u>680,903</u>
Changes in Net Assets	(714)	(9,858)	(10,572)	11,339
Net Assets, Beginning of Year	<u>190,432</u>	<u>99,319</u>	<u>289,751</u>	<u>278,412</u>
Net Assets, End of Year	<u>\$ 189,718</u>	<u>\$ 89,461</u>	<u>\$ 279,179</u>	<u>\$ 289,751</u>

See accompanying Notes to Financial Statements.

National Council of Catholic Women
Statement of Functional Expense
For the Year Ending December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	2018							2017
	Membership Services	Annual Conference	Other Programs	Total Program Services	General and Administrative	Fundraising	Total	Total
Personnel Costs	\$ 92,767	\$ 42,144	\$ 21,264	\$ 156,175	\$ 68,255	\$ 9,867	\$ 234,297	\$ 222,748
Occupancy	27,535	12,527	6,320	46,382	15,100	3,044	64,526	61,868
Insurance	2,630	1,197	991	4,818	1,424	288	6,530	5,844
Depreciation and Amortization	4,669	2,125	1,072	7,866	3,216	516	11,598	9,617
Travel	-	3,417	4,364	7,781	13,422	-	21,203	9,918
Professional Services	682	280	5,715	6,677	49,452	318	56,447	89,475
Conferences and Meetings	-	173,266	-	173,266	693	-	173,959	174,834
Office Expense	6,615	4,023	3,370	14,008	10,095	770	24,873	31,191
Printing and Publications	50,888	-	71	50,959	3,805	-	54,764	41,213
Postage and Shipping	6,469	1,365	696	8,530	4,796	321	13,647	17,936
Grants and Contributions	-	1,000	4,453	5,453	-	-	5,453	4,630
Communications	6,182	2,813	1,420	10,415	3,265	681	14,361	10,632
Other	-	-	-	-	6,948	-	6,948	997
Total Expenses	\$ 198,437	\$ 244,157	\$ 49,736	\$ 492,330	\$ 180,471	\$ 15,805	\$ 688,606	680,903

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Cash Flows
For the Year Ending December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ (10,572)	\$ 11,339
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	11,598	9,617
Loss on Disposal of Property and Equipment	5,948	-
Deferred Rent	(4,284)	(2,623)
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	15,772	20,192
Inventory	(13,881)	2,046
Prepaid Expenses	533	(5,808)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	19,706	(22,659)
Pass-Thru Payables	11,425	4,437
Net Cash Provided by Operating Activities	36,245	16,541
Cash Flows from Investing Activities		
Purchases of Furniture and Equipment	-	(9,950)
Net Cash Used in Investing Activities	-	(9,950)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	(354)	-
Net Cash Used in Financing Activities	(354)	-
Net Increase in Cash	35,891	6,591
Cash, Beginning of Year	197,470	190,879
Cash, End of Year	\$ 233,361	\$ 197,470

See Accompanying Notes to Financial Statements

National Council of Catholic Women

Notes to Financial Statements December 31, 2018

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.

Basis of Presentation

The Council has adopted *Accounting Standards Update 2014-16, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* (ASU 2014-16) for the year ended December 31, 2018. This standard was issued by the Financial Accounting Standards Board (FASB) to improve the previous net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2014-16 reduces the number of net assets classifications from three to two: with donor restrictions and without donor restrictions. The ASU also requires not-for-profits to report expenses by functional and natural classification in one location in the financial statements and requires not-for-profits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets.

As required by ASU 2014-16, The Council applied the requirements on a retrospective basis in the year of adoption. As a result, certain amounts presented in the prior year have been reclassified to conform to the new presentation. All amounts previously reported as "Unrestricted net assets" have been reclassified to be presented as "Net assets without donor restrictions." Similarly, all amounts previously reported as "Temporarily restricted net assets" and "Permanently restricted net assets" have been reclassified to be presented as "Net assets with donor restrictions." The changes in net assets have been similarly reclassified. There was no change in total net assets or total change in net assets as a result of the adoption of ASU 2014-16.

The financial statements of The Council have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires The Council to report information regarding its financial position and activities according to the following net asset classifications:

National Council of Catholic Women

Notes to Financial Statements December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of The Council. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Council or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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, 2018, 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, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 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, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services benefits allocated on the basis of employee time and effort.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with The Council's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

National Council of Catholic Women

Notes to Financial Statements December 31, 2018

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 Form 990 are no longer subject to tax examination for years before 2015.

Upcoming Accounting Pronouncements

In May 2014, the FASB issued a new standard, ASU 2014-09, Revenue from Contracts with Customers, which outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. The core principle of the standard is that an entity should recognize revenue when it satisfies a performance obligation at an amount that reflects the consideration the entity expects to receive in exchange for transferring goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard will be effective for the fiscal year beginning January 1, 2019.

In February 2016, the FASB issued ASU 2016-02, Lease Amendments to the FASB Accounting Standards Codification (Topic 842), which amends the recognition of lease assets by organizations. The new standards require a lessee to recognize assets and liabilities for leases with lease terms of 12 or more months, in addition to modifications improvements on lessor accounting, in conjunction with the new guidance on revenue recognition noted above in ASU-2014-09. Additional disclosures will be required for the amount, timing, and uncertainty of cash flows arising from leases, and the standard will be effective for fiscal years beginning January 1, 2020.

National Council of Catholic Women

Notes to Financial Statements December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through June 11, 2019 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

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, 2018, 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, 2018:

Less Than One Year	\$ 26,658
One to Five Years	42,284
More Than Five Years	<u>6,200</u>
	<u>75,142</u>
Pledge Discount	<u>(6,094)</u>
Total	<u>\$ 69,048</u>

5. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2018:

Furniture	\$ 15,466
Office Equipment	28,718
Computer Equipment	8,652
Software	<u>6,053</u>
Total	58,889
Less Accumulated Depreciation and Amortization	<u>(26,123)</u>
Furniture and Equipment, Net	<u>\$ 32,766</u>

Depreciation and amortization expense was \$11,598 for the year ended December 31, 2018.

National Council of Catholic Women

Notes to Financial Statements December 31, 2018

6. RESTRICTED NET ASSETS

Temporarily restricted net asset activity for the year ended December 31, 2018 is as follows:

	2017	Contributions	Releases	2018
Purpose Restricted:				
WUCWO Travel	\$ 8,948	\$ -	\$ -	\$ 8,948
Leadership Programs	1,491	3,920	(4,364)	1,047
Associates of NCCW	2,071	11,520	(6,567)	7,024
Domestic Violence	2,209	-	-	2,209
High School and College CW	2,901	-	-	2,901
Time Restricted:	81,699	8,000	(22,367)	67,332
Total	\$ 99,319	\$ 23,440	\$ (33,298)	\$ 89,461

7. LEASE COMMITMENTS

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 \$16,748 for the year ended December 31, 2018.

Future minimum lease payments on the office lease are as follows:

2019	\$ 65,092
2020	67,034
2021	17,177
Total	\$ 149,303

In 2018, The Council leased a copier under a capital lease arrangement. The lease calls for monthly principal and interest payments in the amount of \$411 until October 2023. The leased equipment has a cost and accumulated amortization balance of \$22,873 and \$720, respectively. Amortization expense for the year ended December 31, 2018 was \$720.

National Council of Catholic Women

Notes to Financial Statements December 31, 2018

7. LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments on the capital lease are as follows:

2019	\$ 4,932
2020	4,932
2021	4,932
2022	4,932
2023	4,110
	<hr/>
Total Payments	23,838
	<hr/>
Less Interest Payments	(1,319)
	<hr/>
	\$ 22,519
	<hr/>

8. LIQUIDITY AND AVAILABILITY

The following represents The Council's financial assets at December 31, 2018:

Financial Assets at Year End:

Cash	\$ 196,267
Cash, Pass-Thru	37,094
Pledges Receivable	69,048
	<hr/>
Total Financial Assets	302,409
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	89,461
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	(40,977)
	<hr/>
	48,484
	<hr/>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 253,925
	<hr/>

As part of The Council's liquidity management plan, cash in excess of daily requirements is transferred to income generating accounts when available.