

NATIONAL COUNCIL OF
CATHOLIC  WOMEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019



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, 2019 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.

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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, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, The Council adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers, as amended, and Accounting Standards Update 2018-08, Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, in 2019. Our opinion is not modified with respect to these matters.



Certified Public Accountants

Bethesda, Maryland
September 21, 2020

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National Council of Catholic Women
Statement of Financial Position
December 31, 2019
With Comparative Totals As of December 31, 2018

	Assets	
	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 207,515	\$ 196,267
Cash, Pass-Thru	10,914	37,094
Total Cash	<u>218,429</u>	<u>233,361</u>
Pledges Receivable	54,599	69,048
Inventory	26,961	28,680
Prepaid Expenses	16,693	6,480
Furniture and Equipment, Net	23,794	32,766
Security Deposits	<u>8,873</u>	<u>8,873</u>
Total Assets	<u>\$ 349,349</u>	<u>\$ 379,208</u>
	Liabilities and Net Assets	
Liabilities		
Accounts Payable and Accrued Expenses	\$ 8,618	\$ 30,491
Pass-Thru Payables	6,146	30,271
Capital Lease Obligation	18,204	22,519
Deferred Revenue	8,200	-
Deferred Rent	<u>10,569</u>	<u>16,748</u>
Total Liabilities	<u>51,737</u>	<u>100,029</u>
Net Assets		
Without Donor Restrictions	236,851	189,718
With Donor Restrictions	<u>60,761</u>	<u>89,461</u>
Total Net Assets	<u>297,612</u>	<u>279,179</u>
Total Liabilities and Net Assets	<u>\$ 349,349</u>	<u>\$ 379,208</u>

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Activities
For the Year Ended December 31, 2019
With Comparative Totals For the Year Ended December 31, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Contributions	\$ 90,108	\$ 24,225	\$ 114,333	\$ 99,749
Dues	231,891	-	231,891	238,148
Annual Convention	325,611	-	325,611	290,775
Sales (Less Cost of Sales of \$21,496)	33,306	-	33,306	48,230
Miscellaneous	2,842	-	2,842	1,085
Interest Income	97	-	97	47
Release of Temporarily Restricted Funds	52,925	(52,925)	-	-
Total Revenues	<u>736,780</u>	<u>(28,700)</u>	<u>708,080</u>	<u>678,034</u>
Expenses				
Membership Services	186,243	-	186,243	198,437
Annual Conference	261,208	-	261,208	244,157
Other Programs	56,818	-	56,818	49,736
Total Program Service Expense	<u>504,269</u>	<u>-</u>	<u>504,269</u>	<u>492,330</u>
General and Administrative	169,346	-	169,346	180,471
Fundraising	16,032	-	16,032	15,805
Total Supporting Service Expense	<u>185,378</u>	<u>-</u>	<u>185,378</u>	<u>196,276</u>
Total Expenses	<u>689,647</u>	<u>-</u>	<u>689,647</u>	<u>688,606</u>
Changes in Net Assets	47,133	(28,700)	18,433	(10,572)
Net Assets, Beginning of Year	189,718	89,461	279,179	289,751
Net Assets, End of Year	<u>\$ 236,851</u>	<u>\$ 60,761</u>	<u>\$ 297,612</u>	<u>\$ 279,179</u>

See accompanying Notes to Financial Statements.

National Council of Catholic Women
Statement of Functional Expense
For the Year Ended December 31, 2019
With Comparative Totals For the Year Ended December 31, 2018

	2019							2018
	Membership Services	Annual Conference	Other Programs	Total Program Service Expense	General and Administrative	Fundraising	Total	Total
Personnel Costs	\$ 103,743	\$ 46,655	\$ 23,756	\$ 174,154	\$ 53,158	\$ 11,016	\$ 238,328	\$ 234,297
Occupancy	28,466	12,717	6,483	47,666	14,299	2,992	64,957	64,526
Insurance	2,725	1,217	1,314	5,256	1,353	286	6,895	6,530
Depreciation and Amortization	3,938	1,760	897	6,595	1,963	414	8,972	11,598
Travel	-	1,606	-	1,606	12,624	-	14,230	21,203
Professional Services	710	578	147	1,435	36,302	68	37,805	56,447
Conferences and Meetings	-	181,091	3,127	184,218	313	-	184,531	173,959
Office Expense	3,234	6,378	398	10,010	11,038	186	21,234	24,873
Printing and Publications	31,924	-	14,895	46,819	29,936	-	76,755	54,764
Postage and Shipping	6,584	2,394	2,672	11,650	2,676	563	14,889	13,647
Grants and Contributions	-	3,335	2,030	5,365	1,481	-	6,846	5,453
Communications	4,819	2,155	1,099	8,073	2,406	507	10,986	14,361
Other	100	1,322	-	1,422	1,797	-	3,219	6,948
Total Expenses	\$ 186,243	\$ 261,208	\$ 56,818	\$ 504,269	\$ 169,346	\$ 16,032	\$ 689,647	688,606

See Accompanying Notes to Financial Statements

National Council of Catholic Women

Statement of Cash Flows

For the Year Ended December 31, 2019

Comparative Totals For the Year Ended December 31, 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ 18,433	\$ (10,572)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	8,972	11,598
Loss on Disposal of Property and Equipment	-	5,948
Deferred Rent	(6,179)	(4,284)
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	14,449	15,772
Inventory	1,719	(13,881)
Prepaid Expenses	(10,213)	533
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(21,873)	19,706
Pass-Thru Payables	(24,125)	11,425
Deferred Revenue	8,200	-
Net Cash Provided by (Used in) Operating Activities	(10,617)	36,245
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	(4,315)	(354)
Net Cash Provided by (Used in) Financing Activities	(4,315)	(354)
Net Increase (Decrease) in Cash	(14,932)	35,891
Cash, Beginning of Year	233,361	197,470
Cash, End of Year	\$ 218,429	\$ 233,361

See Accompanying Notes to Financial Statements

National Council of Catholic Women

Notes to Financial Statements December 31, 2019

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

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

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:

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, whereby 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 statement of activities.

Adopted Accounting Pronouncements

During fiscal 2019, The Council adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance provided in this ASU will assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and whether a contribution is conditional. As required by ASU 2018-08, The Council applied the requirements on a modified prospective basis to agreements that either are not completed as of January 1, 2019 or entered into after January 1, 2019.

The adoption of ASU 2018-08 did not have a material impact on The Council's accounting for contributions.

National Council of Catholic Women

Notes to Financial Statements December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 requires an entity to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity is expected to be entitled in exchange for those goods or services. On January 1, 2019, The Council adopted ASU 2014-09, using the modified retrospective approach. The Council applied the five-step revenue model stipulated by ASC 606 to all of its significant revenue streams in order to determine when revenue is earned and recognized. The five-step model requires The Council to 1) identify contracts with customers, 2) identify performance obligations related to those contracts, 3) determine the transaction price, 4) allocate that transaction price to each performance obligation, and 5) recognize revenue when or as The Council satisfies a performance obligation.

The adoption of this ASU did not materially impact the timing or amount of revenue recognized by The Council in the financial statements.

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 statement 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, 2019, 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.

National Council of Catholic Women

Notes to Financial Statements December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenue Recognition

The Council recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. As of December 31, 2019, there were no unrecognized conditional contributions.

Membership dues, which are nonrefundable, are considered contributions because members do not receive commensurate value. The Council recognizes membership dues portion immediately.

Annual convention revenues include amounts paid by or on behalf of convention participants, exhibitors and sponsors. Fees are based on published fixed rates and collected either at the time of registration, in advance of the convention resulting in a deferred revenue balance, or at the time that the convention takes place and immediately recognized as revenue.

Convention sponsorships, which are generally considered nonreciprocal transactions, are recognized when the conditions associated with providing the sponsorship are met at the convention. As such, all convention revenue is recognized upon completion of the respective convention.

Sponsorship and exhibitor fees were \$18,000 and \$2,700 as of December 31, 2019, respectively.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement 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, 2018, from which the summarized information was derived.

National Council of Catholic Women

Notes to Financial Statements December 31, 2019

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 2016.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

Subsequent Events

Management has evaluated subsequent events through September 21, 2020 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, 2019, bank balances did not exceed the FDIC limit.

National Council of Catholic Women

Notes to Financial Statements December 31, 2019

4. PLEDGES RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31, 2019:

Less Than One Year	\$ 16,837
One to Five Years	41,712
More Than Five Years	2,144
	60,693
Pledge Discount	(6,094)
Total	\$ 54,599

5. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2019:

Furniture	\$ 15,466
Office Equipment	28,718
Computer Equipment	8,652
Software	6,053
	58,889
Total	58,889
Less Accumulated Depreciation and Amortization	(35,095)
Furniture and Equipment, Net	\$ 23,794

Depreciation and amortization expense was \$8,972 for the year ended December 31, 2019.

6. RESTRICTED NET ASSETS

Temporarily restricted net asset activity for the year ended December 31, 2019 is as follows:

	2018	Contributions	Releases	2019
Purpose Restricted:				
WUCWO Travel	\$ 8,948	\$ -	\$ (8,948)	\$ -
Leadership Programs	1,047	-	(1,047)	-
Associates of NCCW	7,024	10,150	(13,450)	3,724
Domestic Violence	2,209	-	(824)	1,385
High School and College CW	2,901	-	-	2,901
Time Restricted:	67,332	14,075	(28,656)	52,751
Total	\$ 89,461	\$ 24,225	\$ (52,925)	\$ 60,761

National Council of Catholic Women

Notes to Financial Statements December 31, 2019

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 \$10,569 for the year ended December 31, 2019.

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

2020	\$	64,034
2021		<u>17,177</u>
Total	\$	<u>81,211</u>

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 \$5,295, respectively. Amortization expense for the year ended December 31, 2019 was \$4,575.

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

2020	\$	4,932
2021		4,932
2022		4,932
2023		<u>4,110</u>
Total Payments		<u>18,906</u>
Less Interest Payments		<u>(702)</u>
	\$	<u>18,204</u>

Rent expense for the year ended December 31, 2019, was \$64,957.

National Council of Catholic Women

Notes to Financial Statements December 31, 2019

8. LIQUIDITY AND AVAILABILITY

The following represents The Council's financial assets at December 31, 2019:

Financial Assets at Year End:

Cash	\$ 207,515
Pledges Receivable	<u>16,837</u>
Total Financial Assets	224,352

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(60,761)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	<u>40,837</u>
	<u>(19,924)</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 204,428</u>
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As part of The Council's liquidity management plan, cash in excess of daily requirements is transferred to income generating accounts when available.

9. SUBSEQUENT EVENTS

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Council is closely monitoring its liquidity and is actively working to minimize the impact of the health crisis. The Council received funding from the Paychecks Protection Program under the CARES act. The funding has been structured to comply with the forgiveness provisions at the end of the covered period.

The Council's financial statements do not include adjustments that have resulted from the economic declines and uncertainty.