

NATIONAL COUNCIL OF
CATHOLIC  WOMEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



Independent Auditors' Report

The Board of Directors
National Council of Catholic Women
Fairfax, 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, 2020 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
Fairfax, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the 2019 financial statements of National Council of Catholic Women, and our report dated September 21, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the 2019 audited financial statements from which it has been derived.



Certified Public Accountants

Bethesda, Maryland
March XX, 2021

7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814

202.770.6371

| www.mullinspc.com

| john@mullinspc.com

National Council of Catholic Women
Statement of Financial Position
December 31, 2020
With Comparative Totals As of December 31, 2019

	Assets	2020	2019
Assets			
Cash	\$	203,580	\$ 207,515
Cash, Pass-Thru		31,840	10,914
Total Cash		235,420	218,429
Pledges Receivable		40,812	54,599
Inventory		87,167	26,961
Prepaid Expenses		13,419	16,693
Furniture and Equipment, Net		15,784	23,794
Security Deposits		8,873	8,873
 Total Assets	 \$	 401,475	 \$ 349,349
Liabilities and Net Assets			
Liabilities			
Accounts Payable and Accrued Expenses	\$	19,116	\$ 8,618
Pass-Thru Payables		10,693	6,146
Capital Lease Obligation		13,757	18,204
Deferred Revenue		27,000	8,200
Deferred Rent		2,449	10,569
Total Liabilities		73,015	51,737
Net Assets			
Without Donor Restrictions		276,566	236,851
With Donor Restrictions		51,894	60,761
Total Net Assets		328,460	297,612
 Total Liabilities and Net Assets	 \$	 401,475	 \$ 349,349

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Activities
For the Year Ended December 31, 2020
With Comparative Totals For the Year Ended December 31, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Contributions	\$ 161,596	\$ 11,000	\$ 172,596	\$ 114,333
Forgivable Loan - PPP	42,984	-	42,984	-
Dues	276,912	-	276,912	231,891
Annual Convention	-	-	-	308,061
Sales (Less Cost of Sales of \$10,950)	13,078	-	13,078	33,306
Miscellaneous	5,318	-	5,318	20,392
Interest Income	114	-	114	97
Release of Temporarily Restricted Funds	19,867	(19,867)	-	-
Total Revenues	<u>519,869</u>	<u>(8,867)</u>	<u>511,002</u>	<u>708,080</u>
Expenses				
Membership Services	217,014	-	217,014	186,243
Annual Conference	43,608	-	43,608	261,208
Other Programs	35,754	-	35,754	56,818
Total Program Service Expense	<u>296,376</u>	<u>-</u>	<u>296,376</u>	<u>504,269</u>
General and Administrative	167,414	-	167,414	169,346
Fundraising	16,364	-	16,364	16,032
Total Supporting Service Expense	<u>183,778</u>	<u>-</u>	<u>183,778</u>	<u>185,378</u>
Total Expenses	<u>480,154</u>	<u>-</u>	<u>480,154</u>	<u>689,647</u>
Changes in Net Assets	39,715	(8,867)	30,848	18,433
Net Assets, Beginning of Year	236,851	60,761	297,612	279,179
Net Assets, End of Year	<u>\$ 276,566</u>	<u>\$ 51,894</u>	<u>\$ 328,460</u>	<u>\$ 297,612</u>

See accompanying Notes to Financial Statements.

National Council of Catholic Women
Statement of Functional Expense
For the Year Ended December 31, 2020
With Comparative Totals For the Year Ended December 31, 2019

	2020							2019
	Membership Services	Annual Conference	Other Programs	Total Program Service Expense	General and Administrative	Fundraising	Total	Total
Personnel Costs	\$ 99,486	\$ 18,690	\$ 22,785	\$ 140,961	\$ 90,237	\$ 10,566	\$ 241,764	\$ 238,328
Occupancy	27,022	6,559	6,156	39,737	21,206	2,840	63,783	64,957
Insurance	2,776	446	1,035	4,257	2,179	292	6,728	6,895
Depreciation and Amortization	2,933	659	668	4,260	2,112	308	6,680	8,972
Travel	-	-	-	-	5,305	-	5,305	14,230
Professional Services	6,443	1,203	156	7,802	26,223	155	34,180	37,805
Conferences and Meetings	-	9,762	-	9,762	581	-	10,343	184,531
Office Expense	6,919	4,658	787	12,364	8,061	363	20,788	21,234
Printing and Publications	56,706	-	125	56,831	1,637	-	58,468	76,755
Postage and Shipping	10,462	640	1,178	12,280	4,094	698	17,072	14,889
Grants and Contributions	253	-	1,975	2,228	1,168	732	4,128	6,846
Communications	3,904	871	889	5,664	2,819	410	8,893	10,986
Other	110	120	-	230	1,792	-	2,022	3,219
Total Expenses	\$ 217,014	\$ 43,608	\$ 35,754	\$ 296,376	\$ 167,414	\$ 16,364	\$ 480,154	689,647

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Cash Flows
For the Year Ended December 31, 2020
With Comparative Totals For the Year Ended December 31, 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 30,848	\$ 18,433
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	6,680	8,972
Loss on Disposal of Property and Equipment	1,330	-
Deferred Rent	(8,120)	(6,179)
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	13,787	14,449
Inventory	(60,206)	1,719
Prepaid Expenses	3,274	(10,213)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	10,498	(21,873)
Pass-Thru Payables	4,547	(24,125)
Deferred Revenue	18,800	8,200
Net Cash Provided by (Used in) Operating Activities	21,438	(10,617)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	(4,447)	(4,315)
Net Cash Provided by (Used in) Financing Activities	(4,447)	(4,315)
Net Increase (Decrease) in Cash	16,991	(14,932)
Cash, Beginning of Year	218,429	233,361
Cash, End of Year	\$ 235,420	\$ 218,429

See Accompanying Notes to Financial Statements

National Council of Catholic Women

Notes to Financial Statements December 31, 2020

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.

The coronavirus (COVID-19) outbreak in the United States commenced prior to The Council's fiscal year-end and has directly impacted its operations since early spring 2020. The COVID-19 pandemic caused a broad and negative impact on commerce and financial markets around the world including travel restrictions and limits on in-person gatherings.

Accordingly, the extent to which COVID-19 may impact The Council's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

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.

National Council of Catholic Women

Notes to Financial Statements December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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, 2020, 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.

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, 2020, there were no unrecognized conditional contributions.

National Council of Catholic Women

Notes to Financial Statements December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

During the year ended December 31, 2020, The Council received a \$42,984 forgivable loan from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The forgivable loan is a conditional contribution that can be recognized as revenue when the underlying conditions are met. The Council has elected to treat the payment of eligible expenses as the condition. During the year ended December 31, 2020, The Council has recognized \$42,984 of the forgivable loan as revenue based on incurring eligible expenses.

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.

There were no convention revenues in 2020 including sponsorship and exhibitor fees.

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, 2019, from which the summarized information was derived.

National Council of Catholic Women

Notes to Financial Statements December 31, 2020

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 2017.

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 March XX, 2021 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, 2020, bank balances did not exceed the FDIC limit.

National Council of Catholic Women

Notes to Financial Statements December 31, 2020

4. PLEDGES RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31, 2020:

Less Than One Year	\$ 18,475
One to Five Years	28,431
More Than Five Years	-
	46,906
Pledge Discount	(6,094)
Total	\$ 40,812

5. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2020:

Furniture	\$ 15,466
Office Equipment	28,718
Software	6,053
	50,237
Total	50,237
Less Accumulated Depreciation and Amortization	(34,453)
Furniture and Equipment, Net	\$ 15,784

Depreciation and amortization expense was \$6,680 for the year ended December 31, 2020.

6. RESTRICTED NET ASSETS

Temporarily restricted net asset activity for the year ended December 31, 2020 is as follows:

	2019	Contributions	Releases	2020
Purpose Restricted:				
Associates of NCCW	\$ 3,724	\$ 9,500	\$ (7,675)	\$ 5,549
Domestic Violence	1,385	1,500	(253)	2,632
High School and College CW	2,901	-	-	2,901
Time Restricted:	52,751	-	(11,939)	40,812
Total	\$ 60,761	\$ 11,000	\$ (19,867)	\$ 51,894

National Council of Catholic Women

Notes to Financial Statements December 31, 2020

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%.

In 2020, The Council executed an office lease for new space. The lease commenced on January 1, 2021 and terminates on January 31, 2026. Monthly rent is \$1,875 with the first month of rent abated.

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 \$2,449 for the year ended December 31, 2020.

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

2021	\$	20,625
2022		22,500
2023		22,500
2024		22,500
2025		22,500
2026		1,875
		<hr/>
Total	\$	112,500

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 \$9,867, respectively. Amortization expense for the year ended December 31, 2020 was \$4,575.

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

2021	\$	4,932
2022		4,932
2023		4,110
		<hr/>
Total Payments		13,974
		<hr/>
Less Interest Payments		(217)
		<hr/>
	\$	13,757

Rent expense for the year ended December 31, 2020, was \$63,783.

National Council of Catholic Women

**Notes to Financial Statements
December 31, 2020**

8. LIQUIDITY AND AVAILABILITY

The following represents The Council's financial assets at December 31, 2020:

Financial Assets at Year End:

Cash	\$ 203,580
Pledges Receivable	<u>18,475</u>
Total Financial Assets	222,055

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(51,894)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	<u>26,475</u>
	<u>(25,419)</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 196,636</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.