

NATIONAL COUNCIL OF
CATHOLIC  WOMEN

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021



Independent Auditors' Report

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

Opinion

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Council as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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The Board of Directors
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Fairfax, VA

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the 2020 financial statements of National Council of Catholic Women, and our report dated May 17, 2021, 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, 2020, is consistent, in all material respects, with the 2020 audited financial statements from which it has been derived.



Bethesda, Maryland
July 22, 2022

Certified Public Accountants

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National Council of Catholic Women
Statement of Financial Position
December 31, 2021
With Comparative Totals As of December 31, 2020

	2021	2020
Assets		
Assets		
Cash	\$ 424,651	\$ 203,580
Cash, Pass-Thru	9,806	31,840
Total Cash	434,457	235,420
Pledges Receivable	75,537	40,812
Inventory	79,650	87,167
Prepaid Expenses	3,202	13,419
Furniture and Equipment, Net	9,999	15,784
Security Deposits	1,875	8,873
Total Assets	\$ 604,720	\$ 401,475
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 3,282	\$ 19,116
Pass-Thru Payables	26,080	10,693
Capital Lease Obligation	8,787	13,757
Deferred Revenue	9,441	27,000
Deferred Rent	-	2,449
Total Liabilities	47,590	73,015
Net Assets		
Without Donor Restrictions	473,843	276,566
With Donor Restrictions	83,287	51,894
Total Net Assets	557,130	328,460
Total Liabilities and Net Assets	\$ 604,720	\$ 401,475

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Activities
For the Year Ended December 31, 2021
With Comparative Totals For the Year Ended December 31, 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Contributions	\$ 113,559	\$ 76,103	\$ 189,662	\$ 215,580
Forgivable Loan - PPP	42,985	-	42,985	-
Dues	239,787	-	239,787	276,912
Annual Convention	361,917	-	361,917	-
Sales (Less Cost of Sales of \$10,950)	22,824	-	22,824	13,078
Miscellaneous	19,263	-	19,263	5,318
Interest Income	151	-	151	114
Release of Temporarily Restricted Funds	44,710	(44,710)	-	-
Total Revenues	<u>845,196</u>	<u>31,393</u>	<u>876,589</u>	<u>511,002</u>
Expenses				
Membership Services	86,764	-	86,764	217,014
Annual Conference	279,082	-	279,082	43,608
Other Programs	114,682	-	114,682	35,754
Total Program Service Expense	<u>480,528</u>	<u>-</u>	<u>480,528</u>	<u>296,376</u>
General and Administrative	152,296	-	152,296	167,414
Fundraising	15,095	-	15,095	16,364
Total Supporting Service Expense	<u>167,391</u>	<u>-</u>	<u>167,391</u>	<u>183,778</u>
Total Expenses	<u>647,919</u>	<u>-</u>	<u>647,919</u>	<u>480,154</u>
Changes in Net Assets	197,277	31,393	228,670	30,848
Net Assets, Beginning of Year	276,566	51,894	328,460	297,612
Net Assets, End of Year	<u>\$ 473,843</u>	<u>\$ 83,287</u>	<u>\$ 557,130</u>	<u>\$ 328,460</u>

See accompanying Notes to Financial Statements.

National Council of Catholic Women
Statement of Functional Expense
For the Year Ended December 31, 2021
With Comparative Totals For the Year Ended December 31, 2020

	2021							2020
	Membership Services	Annual Conference	Other Programs	Total Program Service Expense	General and Administrative	Fundraising	Total	Total
Personnel Costs	\$ 63,049	\$ 27,921	\$ 42,035	\$ 133,005	\$ 76,130	\$ 10,380	\$ 219,515	\$ 241,764
Occupancy	12,456	3,587	8,462	24,505	14,761	2,051	41,317	63,783
Insurance	1,960	1,098	1,535	4,593	1,773	322	6,688	6,728
Depreciation and Amortization	1,754	791	1,166	3,711	1,787	288	5,786	6,680
Travel	-	-	-	-	3,825	-	3,825	5,305
Professional Services	362	314	823	1,499	25,985	71	27,555	34,180
Conferences and Meetings	-	231,390	8,734	240,124	918	-	241,042	10,343
Office Expense	2,171	8,240	3,192	13,603	11,088	162	24,853	20,788
Printing and Publications	-	-	38,121	38,121	2,599	-	40,720	58,468
Postage and Shipping	2,572	1,627	5,893	10,092	2,455	420	12,967	17,072
Grants and Contributions	-	3,080	3,020	6,100	675	1,000	7,775	4,128
Communications	2,440	1,034	1,626	5,100	2,564	401	8,065	8,893
Other	-	-	75	75	7,736	-	7,811	2,022
Total Expenses	\$ 86,764	\$ 279,082	\$ 114,682	\$ 480,528	\$ 152,296	\$ 15,095	\$ 647,919	480,154

See Accompanying Notes to Financial Statements

National Council of Catholic Women
Statement of Cash Flows
For the Year Ended December 31, 2021
With Comparative Totals For the Year Ended December 31, 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ 228,670	\$ 30,848
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	5,786	6,680
Loss on Disposal of Property and Equipment	-	1,330
Deferred Rent	(2,449)	(8,120)
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	(34,725)	13,787
Inventory	7,517	(60,206)
Prepaid Expenses	10,216	3,274
Security Deposits	6,998	-
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(15,834)	10,498
Pass-Thru Payables	15,387	4,547
Deferred Revenue	(17,559)	18,800
Net Cash Provided by (Used in) Operating Activities	204,007	21,438
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	(4,970)	(4,447)
Net Cash Provided by (Used in) Financing Activities	(4,970)	(4,447)
Net Increase (Decrease) in Cash	199,037	16,991
Cash, Beginning of Year	235,420	218,429
Cash, End of Year	\$ 434,457	\$ 235,420

See Accompanying Notes to Financial Statements

National Council of Catholic Women

Notes to Financial Statements December 31, 2021

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.

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.

National Council of Catholic Women

Notes to Financial Statements December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021, 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, 2021, there were no unrecognized conditional contributions.

During the year ended December 31, 2021, The Council recognized a \$42,985 forgivable loan contribution from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The forgivable loan was a conditional contribution that was recognized as revenue when the underlying conditions were met. The Council elected to treat the payment of eligible expenses as the condition.

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

National Council of Catholic Women

Notes to Financial Statements December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2020, from which the summarized information was derived.

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.

National Council of Catholic Women

Notes to Financial Statements December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

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 2018.

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 July 22, 2022 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, 2021, bank balances exceeded the FDIC limit by approximately \$125,000.

4. PLEDGES RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31, 2021:

Less Than One Year	\$ 22,766
One to Five Years	53,823
More Than Five Years	<u>1,323</u>
	<u>77,912</u>
Pledge Discount	<u>(2,375)</u>
Total	<u>\$ 75,537</u>

National Council of Catholic Women

Notes to Financial Statements December 31, 2021

5. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2021:

Furniture	\$ 15,466
Office Equipment	28,718
Software	6,053
	50,237
Total	50,237
Less Accumulated Depreciation and Amortization	(40,238)
	\$ 9,999

Depreciation and amortization expense was \$5,786 for the year ended December 31, 2021.

6. RESTRICTED NET ASSETS

Temporarily restricted net asset activity for the year ended December 31, 2021 is as follows:

	2020	Contributions	Releases	2021
Purpose Restricted:				
Associates of NCCW	\$ 5,549	\$ 10,000	\$ (10,256)	\$ 5,293
Domestic Violence	2,632	-	(60)	2,572
High School and College CW	2,901	-	(323)	2,578
Time Restricted:	40,812	66,103	(34,071)	72,844
Total	\$ 51,894	\$ 76,103	\$ (44,710)	\$ 83,287

7. LEASE COMMITMENTS

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.

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

2022	\$ 22,500
2023	22,500
2024	22,500
2025	22,500
2026	1,875
	91,875
Total	\$ 91,875

National Council of Catholic Women

Notes to Financial Statements December 31, 2021

7. LEASE COMMITMENTS (CONTINUED)

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 \$14,442, respectively. Amortization expense for the year ended December 31, 2021 was \$4,575.

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

2022	\$ 4,932
2023	<u>4,932</u>
Total Payments	<u>9,864</u>
Less Interest Payments	<u>(1,077)</u>
	<u>\$ 8,787</u>

Rent expense for the year ended December 31, 2021, was \$41,317.

8. LIQUIDITY AND AVAILABILITY

The following represents The Council's financial assets at December 31, 2021:

Financial Assets at Year End:

Cash	\$ 424,651
Pledges Receivable	<u>22,766</u>
Total Financial Assets	447,417
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	(83,287)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	<u>33,766</u>
	<u>(49,521)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 397,896</u>

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