

# **WIZO – Women’s International Zionist Organization**

Independent Auditor’s Report and Financial Statements

December 31, 2019 and 2018



# WIZO – Women’s International Zionist Organization

December 31, 2019 and 2018

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## Independent Auditor's Report

Board of Directors  
WIZO – Women's International Zionist Organization  
New York, New York

We have audited the accompanying financial statements of WIZO – Women's International Zionist Organization, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

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 WIZO – Women’s International Zionist Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*BKD, LLP*

New York, New York  
March 24, 2021

# WIZO – Women’s International Zionist Organization

## Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,237,725	\$ 1,473,151
Certificates of deposit	982,666	1,242,886
Investments	14,446,229	14,317,996
Contributions receivable, net	350,008	489,988
Prepaid expenses	227,583	192,655
Security deposits	15,000	15,000
Property and equipment, net	<u>277,172</u>	<u>110,086</u>
Total assets	<u>\$ 17,536,383</u>	<u>\$ 17,841,762</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 21,133	\$ 22,740
Payroll liabilities	16,467	-
Annuity payable	5,453	5,540
Deferred revenue	<u>72,906</u>	<u>-</u>
Total liabilities	<u>115,959</u>	<u>28,280</u>
<b>Net Assets</b>		
Without donor restrictions	<u>10,291,830</u>	<u>9,867,297</u>
With donor restrictions		
Time and purpose	7,100,954	7,920,495
Perpetual in nature	<u>27,640</u>	<u>25,690</u>
Net assets with donor restrictions	<u>7,128,594</u>	<u>7,946,185</u>
Total net assets	<u>17,420,424</u>	<u>17,813,482</u>
Total liabilities and net assets	<u>\$ 17,536,383</u>	<u>\$ 17,841,762</u>

# WIZO – Women’s International Zionist Organization

## Statements of Activities

Years Ended December 31, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 1,428,697	\$ 953,751	\$ 2,382,448
Bequests	29,617	-	29,617
Special events income	\$ 2,873,341		
Direct cost of special events	<u>(204,986)</u>	-	2,668,355
Membership dues	22,250	-	22,250
Investment gain (loss) - net	855,424	-	855,424
Net assets released from restrictions	1,773,003	(1,773,003)	-
Change in value of split-interest agreements	-	<u>3,729</u>	<u>3,729</u>
Total revenues, gains and other support	<u>6,777,346</u>	<u>(815,523)</u>	<u>5,961,823</u>
<b>Expenses</b>			
Program services			
Israel projects	<u>3,938,832</u>	<u>-</u>	<u>3,938,832</u>
Supporting services			
Management and general	633,839	2,068	635,907
Fundraising	<u>1,780,142</u>	<u>-</u>	<u>1,780,142</u>
Total supporting services	<u>2,413,981</u>	<u>2,068</u>	<u>2,416,049</u>
Total expenses	<u>6,352,813</u>	<u>2,068</u>	<u>6,354,881</u>
<b>Change in Net Assets</b>	424,533	(817,591)	(393,058)
<b>Net Assets, Beginning of Year</b>	<u>9,867,297</u>	<u>7,946,185</u>	<u>17,813,482</u>
<b>Net Assets, End of Year</b>	<u>\$ 10,291,830</u>	<u>\$ 7,128,594</u>	<u>\$ 17,420,424</u>

# WIZO – Women’s International Zionist Organization

## Statements of Activities (Continued) Years Ended December 31, 2019 and 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 1,694,551	\$ 2,113,655	\$ 3,808,206
Bequests	4,842,877	96,000	4,938,877
Special events income	\$ 2,821,362		
Direct cost of special events	<u>(521,928)</u>	-	2,299,434
Membership dues	16,004	-	16,004
Investment gain (loss) - net	(79,991)	-	(79,991)
Net assets released from restrictions	2,394,635	(2,394,635)	-
Change in value of split-interest agreements	<u>-</u>	<u>(20,914)</u>	<u>(20,914)</u>
Total revenues, gains and other support	<u>11,167,510</u>	<u>(205,894)</u>	<u>10,961,616</u>
<b>Expenses</b>			
Program services			
Israel projects	<u>5,657,773</u>	<u>-</u>	<u>5,657,773</u>
Supporting services			
Management and general	311,174	-	311,174
Fundraising	<u>1,663,739</u>	<u>-</u>	<u>1,663,739</u>
Total supporting services	<u>1,974,913</u>	<u>-</u>	<u>1,974,913</u>
Total expenses	<u>7,632,686</u>	<u>-</u>	<u>7,632,686</u>
<b>Change in Net Assets</b>	3,534,824	(205,894)	3,328,930
<b>Net Assets, Beginning of Year</b>	<u>6,332,473</u>	<u>8,152,079</u>	<u>14,484,552</u>
<b>Net Assets, End of Year</b>	<u>\$ 9,867,297</u>	<u>\$ 7,946,185</u>	<u>\$ 17,813,482</u>

# WIZO – Women’s International Zionist Organization

## Statements of Functional Expenses Years Ended December 31, 2019 and 2018

	2019				
	Program Service	Supporting Services		Direct Cost of Special Events	Total
	Israel Projects	Management and General	Fundraising		
Transfers to Israel for projects	\$ 3,938,832	\$ -	\$ -	\$ -	\$ 3,938,832
Salaries	-	174,860	389,203	-	564,063
Payroll taxes and employee benefits	-	33,529	62,269	-	95,798
Occupancy	-	34,330	45,508	-	79,838
Telephone	-	1,900	2,518	-	4,418
Office, stationery and printing	-	27,706	27,706	-	55,412
Postage	-	3,516	5,273	-	8,789
Professional fees	-	96,177	-	-	96,177
Travel	-	-	7,546	-	7,546
Maintenance	-	8,256	10,944	-	19,200
Membership recruitment	-	-	29,065	-	29,065
Advertising	-	-	6,773	-	6,773
Computer consultants	-	53,071	-	-	53,071
Insurance	-	16,448	30,546	-	46,994
Credit card fees	-	-	78,885	-	78,885
Cost of events (including meetings and conferences)	-	-	1,080,213	204,986	1,285,199
Legal	-	3,052	-	-	3,052
Bad debt	-	164,828	-	-	164,828
Depreciation	-	14,540	-	-	14,540
Miscellaneous (including \$1,350 of in-kind donations)	-	3,694	3,693	-	7,387
	3,938,832	635,907	1,780,142	204,986	6,559,867
Less expenses deducted directly from revenues on the statement of activities					
Direct cost of special events	-	-	-	(204,986)	(204,986)
Total expenses reported on the statements of activities	\$ 3,938,832	\$ 635,907	\$ 1,780,142	\$ -	\$ 6,354,881



# WIZO – Women’s International Zionist Organization

## Statements of Functional Expenses (Continued)

Years Ended December 31, 2019 and 2018

	2018				
	Program Service	Supporting Services		Direct Cost of Special Events	Total
	Israel Projects	Management and General	Fundraising		
Transfers to Israel for projects	\$ 5,657,773	\$ -	\$ -	\$ -	\$ 5,657,773
Salaries	-	212,978	282,319	-	495,297
Payroll taxes and employee benefits	-	39,556	52,435	-	91,991
Occupancy	-	33,547	44,469	-	78,016
Telephone	-	2,288	3,034	-	5,322
Office, stationery and printing	-	30,900	30,900	-	61,800
Postage	-	3,796	5,694	-	9,490
Professional fees	-	25,722	-	-	25,722
Travel	-	-	3,099	-	3,099
Maintenance	-	9,841	13,045	-	22,886
Membership recruitment	-	-	12,325	-	12,325
Advertising	-	-	4,130	-	4,130
Computer consultants	-	40,872	-	-	40,872
Insurance	-	9,535	12,639	-	22,174
Credit card fees	-	-	87,240	-	87,240
Cost of events (including meetings and conferences)	-	-	1,105,037	521,928	1,626,965
Bad debt	-	(109,935)	-	-	(109,935)
Depreciation	-	4,703	-	-	4,703
Miscellaneous	-	7,371	7,373	-	14,744
	5,657,773	311,174	1,663,739	521,928	8,154,614
Total expenses					
Less expenses deducted directly from revenues on the statement of activities					
Direct cost of special events	-	-	-	(521,928)	(521,928)
Total expenses reported on the statements of activities	\$ 5,657,773	\$ 311,174	\$ 1,663,739	\$ -	\$ 7,632,686

# WIZO – Women’s International Zionist Organization

## Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Operating Activities</b>		
Change in net assets	\$ (393,058)	\$ 3,328,930
Items not requiring (providing) cash		
Depreciation	14,540	4,703
Contributions received for long-lived assets	(148,952)	-
Net realized and unrealized (gains) losses on investments	(437,308)	457,998
Change in value of split-interest agreements	(3,729)	12,244
Investment gain on investments held for annuity obligations	5,796	(13,036)
Changes in		
Contributions receivable	139,980	(313,339)
Prepaid expenses	(34,928)	(91,366)
Payroll liabilities	16,467	-
Deferred revenue	72,906	-
Accounts payable and accrued expenses	(1,607)	(21,712)
	<u>(769,893)</u>	<u>3,364,422</u>
Net cash (used in) provided by operating activities		
<b>Investing Activities</b>		
Proceeds from sale of investments	83,654,059	51,143,293
Purchase of investments	(83,084,764)	(57,239,323)
Purchase of fixed assets	(181,626)	(67,373)
	<u>387,669</u>	<u>(6,163,403)</u>
Net cash provided by (used in) investing activities		
<b>Financing Activities</b>		
Payments of annuity obligation	(6,250)	(3,125)
Proceeds from investment income subject to annuity agreements	4,096	3,258
Contributions received for long-lived assets	148,952	-
	<u>146,798</u>	<u>133</u>
Net cash provided by (used in) financing activities		
<b>Decrease in Cash and Cash Equivalents</b>	(235,426)	(2,798,848)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,473,151</u>	<u>4,271,999</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,237,725</u>	<u>\$ 1,473,151</u>

# **WIZO – Women’s International Zionist Organization**

## **Notes to Financial Statements**

**December 31, 2019 and 2018**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

WIZO – Women’s International Zionist Organization (WIZO USA) was incorporated in New York State as a not-for-profit corporation in July 1980.

WIZO USA’s revenues and other support are derived principally from special events, and contributions and bequests, and its activities are conducted to support various social welfare institutions in Israel, such as day care centers, schools, youth clubs, community centers, golden age clubs and other welfare facilities.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash Equivalents***

WIZO USA considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At December 31, 2019 and 2018, cash equivalents consisted primarily of money market accounts.

At December 31, 2019, WIZO USA’s cash accounts exceeded federally insured limits by approximately \$725,000.

#### ***Investments and Net Investment Return***

Investments are carried at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

#### ***Certificates of Deposit***

Certificates of deposit have maturity dates of more than three months and are considered investments for purposes of cash flow reporting.

# **WIZO – Women’s International Zionist Organization**

## **Notes to Financial Statements**

**December 31, 2019 and 2018**

### ***Property and Equipment***

Property and equipment acquisitions are stated at cost, less accumulated depreciation. Property and equipment with a cost of \$2,000 and an estimated useful life of greater than one year are capitalized. Leasehold improvements are depreciated over the life of the lease. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Office equipment	5-7 years
Condominium	20 years
Condominium improvements	20 years

### ***Long-Lived Asset Impairment***

WIZO USA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2019 and 2018.

### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

# WIZO – Women’s International Zionist Organization

## Notes to Financial Statements

December 31, 2019 and 2018

### Contributions

Contributions are provided to WIZO USA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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 statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

### Special Events

WIZO USA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefit received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statements of activities.

# **WIZO – Women’s International Zionist Organization**

## **Notes to Financial Statements**

**December 31, 2019 and 2018**

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other 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. Certain costs have been allocated among the program, management and general and fundraising categories based on the time spent by personnel in the various departments.

### ***Transfers to Israel***

Transfers of funds to Israel for specific programs are recognized when granted by the Board. There were no amounts payable as of December 31, 2019 or 2018.

### ***Income Taxes***

WIZO USA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, WIZO USA is subject to federal income tax on any unrelated business taxable income.

WIZO USA files tax returns in the U.S. federal jurisdiction.

### ***Operating Leases***

Rent is recorded on the straight-line basis over the term of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

### ***Revisions***

Certain immaterial revisions have been made to the 2018 financial statements to adjust \$18,851 of life insurance premiums from payroll taxes and employee benefits expense on the statement of functional expenses to insurance expense on the statement of functional expenses. These revisions did not have a significant impact on the financial statement line items impacted.

# WIZO – Women’s International Zionist Organization

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 2: Contributions Receivable

Contributions receivable consisted of the following:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 118,194	\$ -	\$ 118,194
Due within one to five years	-	289,606	289,606
Due in more than five years	-	2,937	2,937
	118,194	292,543	410,737
Less			
Allowance for uncollectible contributions	(37,358)	(17,068)	(54,426)
Discount to present value	-	(6,303)	(6,303)
	\$ 80,836	\$ 269,172	\$ 350,008
	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 208,335	\$ 39,028	\$ 247,363
Due within one to five years	-	294,411	294,411
Due in more than five years	-	5,700	5,700
	208,335	339,139	547,474
Less			
Allowance for uncollectible contributions	(30,000)	(15,000)	(45,000)
Discount to present value	-	(12,486)	(12,486)
	\$ 178,335	\$ 311,653	\$ 489,988

The discount rate was 3 percent for 2019 and 2018.

### Note 3: Charitable Remainder Trust

WIZO USA administers a charitable remainder annuity trust. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust’s term (usually the designated beneficiary’s lifetime). At the end of the trust’s term, the remaining assets are available for WIZO USA’s use. Assets held in charitable remainder trusts are recorded at fair value of \$71,503 and \$67,861 as of December 31, 2019 and 2018, respectively, and are included in investments in WIZO USA’s statements of financial position.

# WIZO – Women’s International Zionist Organization

## Notes to Financial Statements

December 31, 2019 and 2018

WIZO USA has recorded a liability at December 31, 2019 and 2018 of \$5,453 and \$5,540, respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries. On an annual basis, WIZO USA revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of five percent and applicable mortality tables.

### Note 4: Property and Equipment

Property and equipment at December 31 consists of:

	2019		
	Cost	Accumulated Depreciation	Net
Office equipment	\$ 66,045	\$ 55,220	\$ 10,825
Condominium	122,134	91,614	30,520
Condominium improvements	235,827	-	235,827
	<u>\$ 424,006</u>	<u>\$ 146,834</u>	<u>\$ 277,172</u>
	2018		
	Cost	Accumulated Depreciation	Net
Office equipment	\$ 52,873	\$ 46,787	\$ 6,086
Condominium	122,134	85,507	36,627
Construction in progress	67,373	-	67,373
	<u>\$ 242,380</u>	<u>\$ 132,294</u>	<u>\$ 110,086</u>

### Note 5: Operating Leases

On September 1, 2012, WIZO USA entered into a lease agreement for office space expiring August 31, 2020.

Future minimum lease payments at December 31, 2019 were:

2020	<u>\$ 51,667</u>
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Rent expense for all operating leases for 2019 and 2018 was \$79,838 and \$78,016, respectively.



# WIZO – Women’s International Zionist Organization

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 6: Net Assets With Donor Restrictions

#### *Net Assets With Donor Restrictions*

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose		
Bar Mitzvah Programs	\$ 177,951	\$ 222,285
Battered Women and Children	5,366,468	5,490,500
Beit Zipora	1,000,000	1,500,000
Other Programs	243,500	326,400
	<u>6,787,919</u>	<u>7,539,185</u>
Subject to the passage of time		
Beneficial interests in charitable trusts	71,503	67,861
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	269,172	339,139
	<u>340,675</u>	<u>407,000</u>
	<u>\$ 7,128,594</u>	<u>\$ 7,946,185</u>

#### *Net Assets Released from Restrictions*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions	\$ 131,532	\$ 48,957
Satisfaction of purpose restrictions		
Bar Mitzvah Programs	102,400	131,832
Battered Women and Children	124,032	373,182
Beit Zipora	500,000	500,000
Other Programs	742,400	1,340,664
Other	172,639	-
	<u>\$ 1,773,003</u>	<u>\$ 2,394,635</u>

# WIZO – Women’s International Zionist Organization

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets at year end		
Cash and cash equivalents	\$ 1,237,725	\$ 1,473,151
Certificates of deposit	982,666	1,242,886
Investments	14,446,229	14,317,996
Contributions receivable	<u>350,008</u>	<u>247,363</u>
Total financial assets	17,016,628	17,281,396
Donor imposed restrictions		
Restricted funds	<u>7,128,594</u>	<u>7,946,185</u>
Net financial assets after donor imposed restrictions	<u>9,888,034</u>	<u>9,335,211</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,888,034</u>	<u>\$ 9,335,211</u>

WIZO USA receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

WIZO USA manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term expenditures and operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. WIZO USA has a policy to maintain approximately \$150,000 in cash balances and to transfer excess amounts to short term investments such as certificates of deposit. WIZO USA monitors liquidity and cash flow on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

### Note 8: Investments and Fair Value Measurements

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets

# WIZO – Women’s International Zionist Organization

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- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

### Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

	Total Fair Value	Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2019</b>				
Corporate bonds	\$ 623,586	\$ -	\$ 623,586	\$ -
Preferred corporate bonds	1,769,199	-	1,769,199	-
U.S. Government obligations - Treasury bond	9,393,840	9,393,840	-	-
Foreign bonds	82,200	-	82,200	-
Mutual funds - open end	688,025	688,025	-	-
Mutual funds - closed end	17,380	17,380	-	-
Certificates of deposit	1,001,080	-	1,001,080	-
Equities				
Healthcare	4,320	4,320	-	-
Logistic services	588	588	-	-
Utilities	5,468	5,468	-	-
Industrials	10,618	10,618	-	-
Financial	188,557	188,557	-	-
Total equities	209,551	209,551	-	-
Total investments reported on the fair value hierarchy	13,784,861	\$ 10,308,796	\$ 3,476,065	\$ -
Cash	661,368			
Total investments	\$ 14,446,229			

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	Total Fair Value	Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2018</b>				
Corporate bonds	\$ 715,280	\$ -	\$ 715,280	\$ -
Preferred corporate bonds	1,363,626	-	1,363,626	-
U.S. Government obligations - Treasury bond	9,552,662	9,552,662	-	-
Foreign bonds	103,381	-	103,381	-
Mutual funds - open end	643,989	643,989	-	-
Mutual funds - closed end	13,100	13,100	-	-
Certificates of deposit	1,497,960	-	1,497,960	-
Equities				
Healthcare	1,204	1,204	-	-
Logistic services	392	392	-	-
Utilities	3,709	3,709	-	-
Industrials	3,137	3,137	-	-
Financial	153,358	153,358	-	-
Total equities	161,800	161,800	-	-
Total investments reported on the fair value hierarchy	14,051,798	\$ 10,371,551	\$ 3,680,247	\$ -
Cash	266,198			
Total investments	\$ 14,317,996			

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2019 and 2018.

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### **Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

### **Note 9: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### **Contributions**

Approximately 43 percent of all contributions were received from three events in 2019. Approximately 42 percent of all contributions were received from one donor in 2018.

#### **Investments**

WIZO USA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

### **Note 10: Subsequent Events**

Subsequent events have been evaluated through March 24, 2021, which is the date the financial statements were available to be issued.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On May 5, 2020, WIZO USA received a loan in the amount of \$117,000 pursuant to the Paycheck Protection Program. The loan was due in two years from the date of the first disbursement and has a fixed interest rate of 1 percent per year. The loan was forgiven on January 6, 2021.

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### Note 11: Future Change in Accounting Principle

#### ***Revenue Recognition***

The Financial Accounting Standards Board (FASB) amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2019 for nonpublic entities, and any interim periods within annual reporting periods that begin after December 15, 2020 for nonpublic entities. WIZO USA is in the process of evaluating the impact the amendment will have on the financial statements.

#### ***Accounting for Leases***

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. WIZO USA is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.