

WIZO – Women’s International Zionist Organization

Independent Auditor’s Report and Financial Statements

December 31, 2020 and 2019



WIZO – Women’s International Zionist Organization

December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Emphasis of Matter

As described in *Note 13* to the financial statements, during the year ended December 31, 2020, WIZO – Women’s International Zionist Organization has adopted Accounting Standards Codification 606, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

BKD, LLP

New York, New York
February 22, 2022

WIZO – Women’s International Zionist Organization

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 752,878	\$ 1,237,725
Certificates of deposit	567,555	982,666
Investments	14,315,139	14,446,229
Contributions receivable, net	336,254	350,008
Prepaid expenses	96,050	227,583
Security deposits	15,000	15,000
Property and equipment, net	<u>269,036</u>	<u>277,172</u>
Total assets	<u>\$ 16,351,912</u>	<u>\$ 17,536,383</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 36,313	\$ 21,133
Payroll liabilities	18,482	16,467
Annuity payable	4,878	5,453
Deferred revenue	97,812	72,906
Refundable advance	<u>117,000</u>	<u>-</u>
Total liabilities	<u>274,485</u>	<u>115,959</u>
Net Assets		
Without donor restrictions	<u>9,940,827</u>	<u>10,291,830</u>
With donor restrictions		
Time and purpose	6,136,245	7,100,954
Perpetual in nature	<u>355</u>	<u>27,640</u>
Net assets with donor restrictions	<u>6,136,600</u>	<u>7,128,594</u>
Total net assets	<u>16,077,427</u>	<u>17,420,424</u>
Total liabilities and net assets	<u>\$ 16,351,912</u>	<u>\$ 17,536,383</u>

WIZO – Women’s International Zionist Organization
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 2,496,737	\$ 989,012	\$ 3,485,749
Bequests	120,000	-	120,000
Special events income	\$ 588,841		
Direct cost of special events	<u>(170,078)</u>	-	418,763
Membership dues	3,766	-	3,766
Investment gain - net	364,412	-	364,412
Net assets released from restrictions	1,978,897	(1,978,897)	-
Change in value of split-interest agreements	<u>-</u>	<u>(2,109)</u>	<u>(2,109)</u>
Total revenues, gains and other support	<u>5,382,575</u>	<u>(991,994)</u>	<u>4,390,581</u>
Expenses			
Program services			
Israel projects	<u>4,074,962</u>	<u>-</u>	<u>4,074,962</u>
Supporting services			
Management and general	512,177	-	512,177
Fundraising	<u>1,146,439</u>	<u>-</u>	<u>1,146,439</u>
Total supporting services	<u>1,658,616</u>	<u>-</u>	<u>1,658,616</u>
Total expenses	<u>5,733,578</u>	<u>-</u>	<u>5,733,578</u>
Change in Net Assets	(351,003)	(991,994)	(1,342,997)
Net Assets, Beginning of Year	<u>10,291,830</u>	<u>7,128,594</u>	<u>17,420,424</u>
Net Assets, End of Year	<u>\$ 9,940,827</u>	<u>\$ 6,136,600</u>	<u>\$ 16,077,427</u>

WIZO – Women’s International Zionist Organization
Statements of Activities (Continued)
Years Ended December 31, 2020 and 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
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	2,668,355
Membership dues	22,250	-	22,250
Investment gain - 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>
Expenses			
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>
Change in Net Assets	424,533	(817,591)	(393,058)
Net Assets, Beginning of Year	<u>9,867,297</u>	<u>7,946,185</u>	<u>17,813,482</u>
Net Assets, End of Year	<u>\$ 10,291,830</u>	<u>\$ 7,128,594</u>	<u>\$ 17,420,424</u>

WIZO – Women’s International Zionist Organization
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				
	Program Services	Supporting Services		Direct Cost of Special Events	Total
	Israel Projects	Management and General	Fundraising		
Transfers to Israel for projects	\$ 4,074,962	\$ -	\$ -	\$ -	\$ 4,074,962
Salaries	-	142,868	428,605	-	571,473
Payroll taxes and employee benefits	-	18,218	54,653	-	72,871
Occupancy	-	13,086	30,535	-	43,621
Telephone	-	1,799	2,384	-	4,183
Office, stationery and printing	-	14,703	14,703	-	29,406
Postage	-	1,236	1,854	-	3,090
Professional fees	-	168,351	-	-	168,351
Travel	-	-	7,626	-	7,626
Maintenance	-	7,224	9,576	-	16,800
Membership recruitment	-	-	12,180	-	12,180
Advertising	-	-	25,904	-	25,904
Computer consultants	-	33,094	-	-	33,094
Insurance	-	41,150	-	-	41,150
Credit card fees	-	-	67,253	-	67,253
Cost of events (including meetings and conferences)	-	-	476,790	170,078	646,868
Legal	-	12,381	-	-	12,381
Bad debt	-	24,456	-	-	24,456
Depreciation	-	19,236	-	-	19,236
Miscellaneous	-	14,375	14,376	-	28,751
	<u>4,074,962</u>	<u>512,177</u>	<u>1,146,439</u>	<u>170,078</u>	<u>5,903,656</u>
Less expenses deducted directly from revenues on the statements of activities					
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,078)</u>	<u>(170,078)</u>
Total expenses reported on the statements of activities	<u>\$ 4,074,962</u>	<u>\$ 512,177</u>	<u>\$ 1,146,439</u>	<u>\$ -</u>	<u>\$ 5,733,578</u>

WIZO – Women’s International Zionist Organization
Statements of Functional Expenses (Continued)
Years Ended December 31, 2020 and 2019

	2019				
	Program Services	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
	<u>3,938,832</u>	<u>635,907</u>	<u>1,780,142</u>	<u>204,986</u>	<u>6,559,867</u>
Less expenses deducted directly from revenues on the statements of activities					
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(204,986)</u>	<u>(204,986)</u>
Total expenses reported on the statements of activities	<u>\$ 3,938,832</u>	<u>\$ 635,907</u>	<u>\$ 1,780,142</u>	<u>\$ -</u>	<u>\$ 6,354,881</u>

WIZO – Women’s International Zionist Organization

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ (1,342,997)	\$ (393,058)
Items not requiring (providing) cash		
Depreciation	19,236	14,540
Contributions received for long-lived assets	-	(148,952)
Net realized and unrealized gains on investments	(72,058)	(437,308)
Change in value of split-interest agreements	2,109	(3,729)
Investment gain on investments held for annuity obligations	723	5,796
Changes in		
Contributions receivable	13,754	139,980
Prepaid expenses	131,533	(34,928)
Payroll liabilities	2,015	16,467
Deferred revenue	24,906	72,906
Refundable advance	117,000	-
Accounts payable and accrued expenses	15,180	(1,607)
Net cash used in operating activities	(1,088,599)	(769,893)
Investing Activities		
Proceeds from sale of investments	14,602,319	83,654,059
Purchase of investments	(13,984,060)	(83,084,764)
Purchase of fixed assets	(11,100)	(181,626)
Net cash provided by investing activities	607,159	387,669
Financing Activities		
Payments of annuity obligation	(6,875)	(6,250)
Proceeds from investment income subject to annuity agreements	3,468	4,096
Contributions received for long-lived assets	-	148,952
Net cash provided by (used in) financing activities	(3,407)	146,798
Decrease in Cash and Cash Equivalents	(484,847)	(235,426)
Cash and Cash Equivalents, Beginning of Year	1,237,725	1,473,151
Cash and Cash Equivalents, End of Year	\$ 752,878	\$ 1,237,725

WIZO – Women’s International Zionist Organization

Notes to Financial Statements

December 31, 2020 and 2019

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.

Due to the spread of the COVID-19 coronavirus, WIZO USA was no longer able to hold in-person special events. The only event held in 2020 was the Main Gala on February 19, 2020. As a result, WIZO USA saw a decrease in donations from its events.

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, 2020 and 2019, cash equivalents consisted primarily of money market accounts.

At December 31, 2020, WIZO USA’s cash accounts exceeded federally insured limits by approximately \$255,000.

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.

WIZO – Women’s International Zionist Organization

Notes to Financial Statements

December 31, 2020 and 2019

Certificates of Deposit

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

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, 2020 and 2019.

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.

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Notes to Financial Statements

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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:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on WIZO USA 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 statements 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, 2020 and 2019

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, 2020 and 2019.

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.

Revision

WIZO USA revised the 2020 fair value hierarchy table within *Note 4* to reflect \$54,218 of money market mutual funds as a Level 1 investment which was previously reported as cash within the investment portfolio. This change did not have an impact on the previously reported statements of financial position.

Note 2: Revenue from Contracts with Special Event Attendees

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which WIZO USA expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event. Contributions received related to the special events are also reflected as revenue from special events.

WIZO – Women’s International Zionist Organization

Notes to Financial Statements

December 31, 2020 and 2019

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by WIZO USA. Revenue for performance obligations satisfied over a period of time is generally recognized when goods are provided to donors over a period of time and WIZO USA does not believe it is required to provide additional goods or services related to that sale.

Transaction Price

WIZO USA determines the transaction price based on standard charges for goods and services provided. For the year ended December 31, 2020, WIZO USA recognized revenue of approximately \$59,325 from goods and services that transfer to the attendee over a period of time.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 186,717	\$ -	\$ 186,717
Due within one to five years	-	146,819	146,819
Due in more than five years	-	32,848	32,848
	186,717	179,667	366,384
Less			
Allowance for uncollectible contributions	(21,700)	-	(21,700)
Discount to present value	-	(8,430)	(8,430)
	<u>\$ 165,017</u>	<u>\$ 171,237</u>	<u>\$ 336,254</u>

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	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
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)
	<u>\$ 80,836</u>	<u>\$ 269,172</u>	<u>\$ 350,008</u>

The discount rate was 3 percent for 2020 and 2019.

Note 4: 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
- 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

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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, 2020 and 2019:

	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)
December 31, 2020				
Corporate bonds	\$ 614,347	\$ -	\$ 614,347	\$ -
Preferred corporate bonds	2,036,367	-	2,036,367	-
U.S. Government obligations - Treasury bond	504,457	504,457	-	-
Fixed income securities	3,001,935	3,001,935	-	-
Foreign bonds	52,460	-	52,460	-
Mutual funds - open end	679,201	679,201	-	-
Mutual funds - closed end	19,120	19,120	-	-
Money market	1,847,286	1,847,286	-	-
Equities				
Healthcare	10,373	10,373	-	-
Logistic services	6,556	6,556	-	-
Utilities	5,707	5,707	-	-
Industrials	5,292	5,292	-	-
Financial	113,800	113,800	-	-
Total equities	141,728	141,728	-	-
Total investments reported on the fair value hierarchy	8,896,901	\$ 6,193,727	\$ 2,703,174	\$ -
Cash	5,418,238			
Total investments	\$ 14,315,139			

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	Reporting Date Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
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	-
Money market	54,218	54,218	-	-
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	13,839,079	\$ 10,363,014	\$ 3,476,065	\$ -
Cash	607,150			
Total investments	\$ 14,446,229			

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, 2020 and 2019 other than as indicated in *Note 1*.

WIZO – Women’s International Zionist Organization

Notes to Financial Statements

December 31, 2020 and 2019

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 5: 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 \$68,819 and \$71,503 as of December 31, 2020 and 2019, respectively, and are included in investments in WIZO USA’s statements of financial position.

WIZO USA has recorded a liability at December 31, 2020 and 2019 of \$4,878 and \$5,453, 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 5 percent and applicable mortality tables.

Note 6: Property and Equipment

Property and equipment at December 31 consists of:

	2020		
	Cost	Accumulated Depreciation	Net
Office equipment	\$ 38,507	\$ 11,628	\$ 26,879
Condominium	122,134	94,667	27,467
Condominium improvements	232,097	17,407	214,690
	<u>\$ 392,738</u>	<u>\$ 123,702</u>	<u>\$ 269,036</u>

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	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>

Note 7: Refundable Advance

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). On May 3, 2020, WIZO USA received the Paycheck Protection Program (PPP) loan under the CARES Act, as set forth in March 2020, in the amount of \$117,000. WIZO USA used all of the proceeds to make eligible payments and, therefore, expects substantially all of the loan will be forgiven. WIZO USA concluded the PPP loan is in-substance a government grant, therefore, it is recorded as a conditional contribution pursuant to ASC Topic 958-605. The contribution is recorded as a liability and will be recognized as revenue if and when the conditions have been met.

On January 6, 2021, WIZO USA received full forgiveness from the Small Business Administration that they fully satisfied the conditions on the grant.

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Note 8: 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>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
Bar Mitzvah Programs	\$ 191,115	\$ 177,951
Battered Women and Children	4,981,777	5,366,468
Beit Zipora	528,180	1,000,000
Other programs	195,472	243,500
	<u>5,896,544</u>	<u>6,787,919</u>
Subject to the passage of time		
Beneficial interests in charitable trusts	68,819	71,503
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	171,237	269,172
	<u>240,056</u>	<u>340,675</u>
	<u>\$ 6,136,600</u>	<u>\$ 7,128,594</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>2020</u>	<u>2019</u>
Expiration of time restrictions	\$ 111,435	\$ 131,532
Satisfaction of purpose restrictions		
Bar Mitzvah Programs	-	102,400
Battered Women and Children	384,691	124,032
Beit Zipora	500,000	500,000
Other programs	359,527	742,400
Other	623,244	172,639
	<u>\$ 1,978,897</u>	<u>\$ 1,773,003</u>

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Note 9: Operating Leases

On September 1, 2012, WIZO USA entered into a lease agreement for office space which expired on August 31, 2020. As a result of COVID-19, the landlord allowed WIZO USA to continue using the space at WIZO USA’s cost of utilities, maintenance and share of the real estate taxes. WIZO USA is in discussions with the landlord about a lease extension.

Rent expense for operating leases for 2020 and 2019 was \$43,621 and \$79,838, respectively.

Note 10: 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, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 752,878	\$ 1,237,725
Certificates of deposit	567,555	982,666
Investments	14,315,139	14,446,229
Contributions receivable	<u>336,254</u>	<u>350,008</u>
Total financial assets	15,971,826	17,016,628
Donor-imposed restrictions		
Restricted funds	<u>6,136,600</u>	<u>7,128,594</u>
Net financial assets after donor-imposed restrictions	<u>9,835,226</u>	<u>9,888,034</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,835,226</u>	<u>\$ 9,888,034</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.

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December 31, 2020 and 2019

Note 11: 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 95 percent of all contributions were received from two events in 2020.
Approximately 43 percent of all contributions were received from three events in 2019.

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 12: Subsequent Events

Subsequent events have been evaluated through February 22, 2022, which is the date the financial statements were available to be issued.

Subsequent to the end of the year, WIZO USA was a victim of a cyber theft that resulted in a one million dollar loss. Management is working with law enforcement and their insurance carriers to recover some or all of the loss. At this time, management is unable to determine the outcome.

Note 13: Changes in Accounting Principles

ASC 606, Revenue from Contracts with Customers (Topic 606)

On January 1, 2020, WIZO USA adopted Topic 606, *Revenue from Contracts with Customers* (Topic 606), Accounting Standards Update (ASU) 2014-09, using a modified retrospective method of adoption to all contracts not completed with customers at January 1, 2020.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which WIZO USA expects to be entitled in exchange for those goods or services.

Adoption of ASU 2014-09 resulted in changes to disclosures in the notes to the financial statements but did not result in changes in presentation of the financial statements. Additionally, WIZO USA’s adoption of ASU 2014-09 did not result in a change to the timing of revenue recognition.

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Note 14: Future Changes in Accounting Principles

Accounting for Leases

The Financial Accounting Standards Board 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.