



**COSMETIC EXECUTIVE WOMEN
FOUNDATION, LTD.**

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011

INDEPENDENT AUDITORS' REPORT

Board of Governors of
Cosmetic Executive Women Foundation, Ltd.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Cosmetic Executive Women Foundation, Ltd. (the "Foundation"), which is comprised of the statements of financial position as of December 31, 2012 and 2011, 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

The Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 Foundation'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 Foundation'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 the Cosmetic Executive Women Foundation, Ltd. as of December 31, 2012 and 2011, 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.

EisnerAmper LLP

New York, New York
June 18, 2013

New York | New Jersey | Pennsylvania | California | Cayman Islands

EisnerAmper is an independent member of PKF International Limited

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Financial Position

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 211,152	\$ 319,469
Investments	4,160,075	4,307,439
Contributions receivable	246,847	206,776
Fixed assets	49,025	91,046
Prepaid expenses and other assets	<u>26,090</u>	<u>18,378</u>
	<u>\$ 4,693,189</u>	<u>\$ 4,943,108</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 52,389	\$ 94,738
Deferred salary	90,000	66,115
Due to related party	<u>14,311</u>	<u>174,530</u>
	<u>156,700</u>	<u>335,383</u>
Net assets:		
Unrestricted	4,245,109	4,337,725
Temporarily restricted	<u>291,380</u>	<u>270,000</u>
	<u>4,536,489</u>	<u>4,607,725</u>
	<u>\$ 4,693,189</u>	<u>\$ 4,943,108</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Activities

	Year Ended December 31,			
	2012		2011	
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted
Support and revenue:				
Contributions	\$ 709,731	\$ 291,380	\$ 1,001,111	\$ 270,000
Contributed goods and services	165,810		165,810	
Special events (net of direct benefits to donors of \$71,250 and \$81,225 in 2012, and 2011, respectively)	383,975		383,975	
Net investment income	332,518		332,518	
	<u>1,592,034</u>	<u>291,380</u>	<u>1,883,414</u>	<u>270,000</u>
Total support and revenue before release of restrictions			1,323,622	270,000
Net assets released from restrictions	<u>270,000</u>	<u>(270,000)</u>		<u>(290,000)</u>
Total support and revenue	<u>1,862,034</u>	<u>21,380</u>	<u>1,883,414</u>	<u>(20,000)</u>
			1,613,622	1,593,622
Expenses:				
Program services	1,424,960		1,424,960	1,120,973
General and administrative	251,296		251,296	126,609
Fund-raising	278,394		278,394	292,861
	<u>1,954,650</u>		<u>1,954,650</u>	<u>1,540,443</u>
Total expenses				1,540,443
Change in net assets				
Net assets - beginning of year	(92,616)	21,380	(71,236)	(20,000)
	<u>4,337,725</u>	<u>270,000</u>	<u>4,607,725</u>	<u>290,000</u>
Net assets - end of year	\$ 4,245,109	\$ 291,380	\$ 4,536,489	\$ 270,000
			\$ 4,337,725	\$ 4,607,725

See notes to financial statements

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Functional Expenses

	Year Ended December 31,							
	2012		2011					
	Program Expense	General and Administrative	Fund-raising	Total	Program Expense	General and Administrative	Fund-raising	Total
Salaries and related taxes and benefits	\$ 556,324	\$ 158,273	\$ 187,690	\$ 902,287	\$ 622,845	\$ 45,711	\$ 110,000	\$ 778,556
Professional fees	43,741	23,091	18,533	85,365	70,041	23,380	28,104	121,525
Office supplies and expense	1,743	10,679		12,422	3,208	2,508	6,866	12,582
Postage and delivery	5,819	482	1,868	8,169	3,547		4,518	8,065
Printing and reproduction	86,467		1,894	88,361	22,330	6,001		28,331
Occupancy	14,000	2,000	4,000	20,000	6,277	4,707	4,707	15,691
Travel and entertainment	14,605	1,806	3,700	20,111	17,905	3,366	2,912	24,183
Insurance		9,651		9,651	2,239	4,233		6,472
Website maintenance	84,256	691	1,383	86,330	3,358	251		3,609
Event expense	81,047	10,805	21,041	112,893	63,432		122,135	185,567
Counseling and support groups	123,675		1,872	125,547	107,060	2,148		109,208
Marketing	261,802	13,443	4,561	279,806	138,309	20,493		158,802
Miscellaneous expense	109,460	20,375	31,852	161,687	25,405	13,811	13,619	52,835
Depreciation	42,021			42,021	35,017			35,017
	<u>\$ 1,424,960</u>	<u>\$ 251,296</u>	<u>\$ 278,394</u>	<u>\$ 1,954,650</u>	<u>\$ 1,120,973</u>	<u>\$ 126,609</u>	<u>\$ 292,861</u>	<u>\$ 1,540,443</u>

See notes to financial statements

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**Statements of Cash Flows**

	Year Ended December 31,	
	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (71,236)	\$ 53,179
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	42,021	35,017
Net realized and unrealized (gains) losses on investments	(229,860)	57,851
Changes in:		
Contributions receivable	(40,074)	57,999
Prepaid expenses and other assets	(7,709)	(8,110)
Accounts payable and accrued expenses	(42,349)	(9,604)
Deferred salary	23,885	65,114
Due to related party	(160,219)	114,590
Net cash (used in) provided by operating activities	<u>(485,541)</u>	<u>366,036</u>
Cash flows from investing activities:		
Purchases of investments	(1,451,357)	(2,372,989)
Proceeds from sales of investments	1,828,581	1,985,668
Website upgrades		(126,063)
Net cash provided by (used in) investing activities	<u>377,224</u>	<u>(513,384)</u>
Net decrease in cash and cash equivalents	(108,317)	(147,348)
Cash and cash equivalents - January 1	<u>319,469</u>	<u>466,817</u>
Cash and cash equivalents - December 31	\$ <u>211,152</u>	\$ <u>319,469</u>
Supplemental data:		
Donated goods and services	\$ <u>165,810</u>	\$ <u>149,614</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2012 and 2011

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] Foundation:

The Cosmetic Executive Women Foundation, Ltd. (the "Foundation"), incorporated in 1989 in New York, is a not-for-profit organization that is dedicated to helping women better their lives. The Foundation currently supports "Cancer and Careers," an online and offline resource for working women with cancer. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is exempt from state and local taxes under comparable laws.

[2] Financial reporting:

(a) Basis of accounting:

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to generally accepted accounting principles applicable to not-for-profit organizations.

(b) Functional allocation of expenses:

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

(c) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(d) Cash and cash equivalents:

The Foundation considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents, except for that portion of cash held as part of the investment portfolio.

(e) Net assets:

The net assets of the Foundation and changes therein are classified and reported as follows:

(i) *Unrestricted:*

Unrestricted net assets represent those resources that are not subject to donor restrictions.

(ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources, the use of which has been restricted by donors for the Foundation's program, "Cancer and Careers." Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor or the passage of time. It is the Foundation's policy to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net asset category.

Temporarily restricted net asset was restated to conform with donor intention.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements
December 31, 2012 and 2011

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Investments:

Investments in certificates of deposit and in debt securities are recorded at their costs on the related trade dates or are recorded at their fair values on the dates of gift. Thereafter, investments are reported in the financial statements at their fair values. Investments in mutual funds, primarily consisting of equity funds, are valued at their published fair values as reported by the investment managers. Net investment earnings and net realized and unrealized gains or losses on investments are pooled and disclosed in the notes to the financial statements.

The Foundation's various types of investment securities are subject to 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 those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

[4] Website:

Website costs are reported at their costs to create it. Website costs are being depreciated over three years.

[5] Contributions:

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

The Foundation reports contributions in the temporarily restricted net asset classification if they are received with donor stipulations or time considerations as to their use. When a donor's restriction is met, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying financial statements.

[6] Income taxes:

The Foundation is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 740-10-05 relating to accounting and reporting for uncertainty in income taxes. Because of the Foundation's general tax-exempt status, ASC Topic 740-10-05 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements.

[7] Fair-value measurements:

The Foundation reports a fair-value measurement of all applicable financial assets and liabilities, including investments, contributions receivable, and short-term payables.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

**Notes to Financial Statements
December 31, 2012 and 2011**

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Subsequent events:

The Foundation considers all accounting treatments and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after year-end, through the date of the independent auditors' report.

NOTE B - INVESTMENTS

Investments are presented in the accompanying financial statements at their fair values. At each year-end, investments consisted of the following:

	December 31,			
	2012		2011	
	Fair Value	Cost	Fair Value	Cost
Invested money-market funds	\$ 109,134	\$ 109,134	\$ 618,282	\$ 618,282
Certificates of deposit	417,971	420,000	474,849	475,000
Corporate bonds			74,230	74,381
U.S. government bonds	1,062,372	1,053,489	911,402	875,881
Preferred stock	11,114	10,835		
Equity securities	1,545,790	1,230,015	1,330,937	1,120,455
Mutual funds	1,013,694	903,115	897,739	858,333
	<u>\$ 4,160,075</u>	<u>\$ 3,726,588</u>	<u>\$ 4,307,439</u>	<u>\$ 4,022,332</u>

During each year, net investment income consisted of the following:

	Year Ended December 31,	
	2012	2011
Interest and dividends	\$ 136,585	\$ 116,869
Investment management fees	<u>(33,927)</u>	<u>(32,288)</u>
Interest and dividends, net	<u>102,658</u>	<u>84,581</u>
Net realized gains	81,477	126,828
Net unrealized gains (losses)	<u>148,383</u>	<u>(184,679)</u>
Total net realized and unrealized gains (losses)	<u>229,860</u>	<u>(57,851)</u>
Total investment income	<u>\$ 332,518</u>	<u>\$ 26,730</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2012 and 2011

NOTE B - INVESTMENTS (CONTINUED)

As discussed in Note A, the Foundation measures its investments at fair value in the following manner:

- requiring consideration of nonperformance risk when valuing liabilities;
- defining a fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishing a framework for measuring fair value; and
- establishing a three-level hierarchy for fair-value measurement, based upon the observability of inputs to the evaluation of an asset or liability as of the measurement date.

ASC Topic 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date.

Level 2 - Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3 - Fair value is determined based on pricing inputs that are unobservable and includes those investments where (i) there is little, if any, market activity, or (ii) the underlying investments cannot be independently valued, or cannot be immediately redeemed at or near the fiscal year-end.

The classification of investments in the fair-value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The following table summarizes the fair values of the Foundation's assets at each year-end, in accordance with the ASC Topic 820-10-05 valuation levels:

	December 31,					
	2012			2011		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Invested money-market funds	\$ 109,134		\$ 109,134	\$ 618,282		\$ 618,282
Certificates of deposit		\$ 417,971	417,971	474,849		474,849
Corporate bonds					\$ 74,230	74,230
U.S. government bonds		1,062,372	1,062,372		911,402	911,402
Preferred stock	11,114		11,114			
Equity securities	1,545,790		1,545,790	1,330,937		1,330,937
Mutual funds	1,013,694		1,013,694	897,739		897,739
Total investments	\$ 2,679,732	\$ 1,480,343	\$ 4,160,075	\$ 3,321,807	\$ 985,632	\$ 4,307,439

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2012 and 2011

NOTE C - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

	December 31,	
	2012	2011
Website	\$ 126,063	\$ 126,063
Less: Accumulated depreciation and amortization	<u>(77,038)</u>	<u>(35,017)</u>
	<u>\$ 49,025</u>	<u>\$ 91,046</u>

Depreciation expense for 2012 and 2011 was \$42,021 and \$35,017, respectively.

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions granted to the Foundation, but for which cash had not yet been collected as of that date, were recorded as contributions receivable. At each year-end, the contributions receivable were due to be collected as follows:

	December 31,	
	2012	2011
Less than one year	\$ 216,847	\$ 206,776
Two to five years	<u>30,000</u>	<u> </u>
	<u>\$ 246,847</u>	<u>\$ 206,776</u>

Based on prior experience with donors, management expects the receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

During 2012 and 2011, temporarily restricted net assets were restricted for the Cancer and Careers program and consisted of \$407,717 and \$386,337, respectively.

At each year-end, net assets released from restrictions resulted from satisfying donor restrictions for the Cancer and Careers program of \$270,000 and \$173,663, respectively.

NOTE F - RETIREMENT PLAN

In 2005, the Foundation elected to participate in a multiple-employer retirement plan, formed under Section 401(k) of the Internal Revenue Code, which covers all eligible employees. The Foundation contributes an amount equal to 3% of an employee's compensation. The Foundation's contribution to the plan was \$14,252 and \$12,001 in 2012 and 2011, respectively.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2012 and 2011

NOTE G - JOINT COSTS

For 2012 and 2011, the Foundation incurred pre-allocation costs of \$71,250 and \$81,225, respectively, for materials and activities that included fund-raising appeals. Of these costs, \$64,125 and \$73,103, respectively was allocated to program services expenses, and \$7,125 and \$8,122, respectively, was allocated to fund-raising expenses.

NOTE H - IN-KIND CONTRIBUTIONS

The Foundation received contributed goods and services, such as advertising, media coverage, flowers, auction prizes and printing services, for several of its special events held during the year. Revenues for such contributed goods and services have been recognized, with an equivalent offset to fund-raising expense for special events, based on a fair value of \$165,810 and \$149,614 for 2012 and 2011, respectively.

NOTE I - RELATED-PARTY TRANSACTIONS

The Foundation has various activities in common with Cosmetic Executive Women, Inc. (the "Organization"), and various general and administrative expenses are shared by the two entities, the financial statements of which, under generally accepted accounting principles are not consolidated. Accordingly, during 2012 and 2011, general and administrative expenses of \$100,000 and \$70,754, respectively, were allocated by the Organization to the Foundation, as the Organization pays expenses on the behalf of the Foundation. At the end of December 31, 2012 and 2011, the amounts due to the Organization were \$14,311 and \$174,530, respectively.

NOTE J - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balance at a major financial institution in New York City in amounts which, at times, may be in excess of federally insured limits. Management believes that the Foundation faces no significant risk of loss relating to a failure of this financial institution.

EisnerAmper LLP
Accountants & Advisors

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