



**COSMETIC EXECUTIVE WOMEN  
FOUNDATION, LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 and 2013**

## **INDEPENDENT AUDITORS' REPORT**

Board of Governors  
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 comprise the statements of financial position as of December 31, 2014 and 2013, 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, 2014 and 2013, 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.



New York, New York  
May 28, 2015

# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Statements of Financial Position

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 710,855	\$ 464,566
Investments	4,884,489	4,500,414
Contributions receivable, net	242,165	284,095
Prepaid expenses and other assets	42,068	37,865
Property and equipment, net	<u>7,004</u>	<u>7,004</u>
	<b><u>\$ 5,879,577</u></b>	<b><u>\$ 5,293,944</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 92,028	\$ 97,538
Deferred salary payable	169,411	122,125
Due to related party	<u>349,433</u>	<u>115,474</u>
	<b><u>610,872</u></b>	<b><u>335,137</u></b>
Commitments (Note K)		
Net assets:		
Unrestricted	5,053,705	4,688,807
Temporarily restricted	<u>215,000</u>	<u>270,000</u>
	<b><u>5,268,705</u></b>	<b><u>4,958,807</u></b>
	<b><u>\$ 5,879,577</u></b>	<b><u>\$ 5,293,944</u></b>

**COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

**Statements of Activities**

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>						
Contributions	\$ 1,765,012	\$ 215,000	\$ 1,980,012	\$ 1,451,925	\$ 265,000	\$ 1,716,925
Contributed goods and services	287,626		287,626	265,650		265,650
Special events (net of direct benefits to donors of \$106,315 and \$86,262 in 2014, and 2013, respectively)	634,013		634,013	431,813		431,813
Net investment income	240,866		240,866	339,194		339,194
Total support and revenue before release of restrictions	2,927,517	215,000	3,142,517	2,488,582	265,000	2,753,582
Net assets released from restrictions	270,000	(270,000)	0	286,380	(286,380)	0
Total support and revenue	3,197,517	(55,000)	3,142,517	2,774,962	(21,380)	2,753,582
<b>Expenses:</b>						
Program services	2,117,253		2,117,253	1,753,473		1,753,473
General and administrative	348,032		348,032	277,756		277,756
Fund-raising	341,947		341,947	300,035		300,035
Total expenses	2,807,232		2,807,232	2,331,264		2,331,264
<b>Change in net assets before non-operating activity</b>	390,285	(55,000)	335,285	443,698	(21,380)	422,318
Adjustment for rent charges (Note I )	(25,387)		(25,387)			
<b>Change in net assets</b>	364,898	(55,000)	309,898	443,698	(21,380)	422,318
Net assets - beginning of year	4,688,807	270,000	4,958,807	4,245,109	291,380	4,536,489
<b>Net assets - end of year</b>	<b>\$ 5,053,705</b>	<b>\$ 215,000</b>	<b>\$ 5,268,705</b>	<b>\$ 4,688,807</b>	<b>\$ 270,000</b>	<b>\$ 4,958,807</b>

See notes to financial statements

**COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

**Statements of Functional Expenses**

	Year Ended December 31,							
	2014				2013			
	Program Expense	General and Administrative	Fund- Raising	Total	Program Expense	General and Administrative	Fund- Raising	Total
Salaries and related taxes and benefits	\$ 911,890	\$ 97,268	\$ 206,695	\$ 1,215,853	\$ 816,221	\$ 93,032	\$ 186,063	\$ 1,095,316
Professional fees	175,128	72,151	63,897	311,176	33,953	42,038	7,037	83,028
Office supplies and expense	2,915	318	635	3,868	6,956	855	1,713	9,524
Postage and delivery	3,883			3,883	1,861	9	1,538	3,408
Printing and reproduction	88,293	296		88,589	83,161			83,161
Occupancy		81,820		81,820		58,768		58,768
Travel and entertainment	14,558	4,438	4,027	23,023	16,794	4,246	7,765	28,805
Insurance		11,989		11,989		10,719		10,719
Website maintenance	116,085		240	116,325	93,826		5,313	99,139
Event expense	158,337		19,809	178,146	121,189		3,744	124,933
Counseling and support groups	163,240	62		163,302	128,927			128,927
Marketing	421,983	453	38,905	461,341	388,788	1,707	49,818	440,313
Miscellaneous expense	53,938	66,004	7,739	127,681	32,382	52,675	28,640	113,697
Depreciation	7,003	13,233		20,236	29,415	13,707	8,404	51,526
	<u>\$ 2,117,253</u>	<u>\$ 348,032</u>	<u>\$ 341,947</u>	<u>\$ 2,807,232</u>	<u>\$ 1,753,473</u>	<u>\$ 277,756</u>	<u>\$ 300,035</u>	<u>\$ 2,331,264</u>

See notes to financial statements

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

	<b>Year Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	<b>\$ 309,898</b>	\$ 422,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	<b>7,004</b>	42,021
Net realized and unrealized gains on investments	<b>(160,863)</b>	(251,576)
Reserve for doubtful accounts	<b>8,000</b>	
Changes in:		
Contributions receivable	<b>33,930</b>	(37,248)
Prepaid expenses and other assets	<b>(4,203)</b>	(11,775)
Accounts payable and accrued expenses	<b>(5,510)</b>	45,149
Deferred salary payable	<b>47,286</b>	32,125
Due to related party	<b>233,959</b>	101,163
Net cash provided by operating activities	<b>469,501</b>	342,177
<b>Cash flows from investing activities:</b>		
Purchases of investments	<b>(1,848,877)</b>	(2,122,323)
Proceeds from sales of investments	<b>1,625,665</b>	2,033,560
Net cash used in investing activities	<b>(223,212)</b>	(88,763)
<b>Net increase in cash and cash equivalents</b>	<b>246,289</b>	253,414
Cash and cash equivalents - January 1	<b>464,566</b>	211,152
<b>Cash and cash equivalents - December 31</b>	<b>\$ 710,855</b>	\$ 464,566
<b>Supplemental data:</b>		
Donated goods and services	<b>\$ 287,626</b>	\$ 265,650

# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Notes to Financial Statements December 31, 2014 and 2013

### 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] Basis of accounting:

The accompanying financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit organizations.

#### [3] 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 may differ from those estimates.

#### [4] Cash and cash equivalents:

For financial-reporting purposes, the Foundation considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. Cash equivalents considered to be part of the Foundation's investment portfolio are reflected as investments in the accompanying financial statements.

#### [5] Investments:

Investments in certificates of deposit, and marketable and debt securities having a readily determinable fair value are reported at their fair values in the accompanying statements of financial position. The Foundation's investments in mutual funds, primarily consisting of equity funds, are also reported at their fair values as determined by the investment managers. Net investment earnings and net realized and unrealized gains or losses are included in the accompanying statements of activities.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisitions to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned.

#### [6] 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.

## **COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

### **Notes to Financial Statements December 31, 2014 and 2013**

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

##### **[6] Net assets (continued):**

###### *(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.

##### **[7] 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.

##### **[8] 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 and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

##### **[9] Income taxes:**

The Foundation is subject to the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Due to the Foundation's general tax-exempt status, ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements.

The annual compliance and tax filings of the Foundation are subject to examination by the Internal Revenue Service, as well as by other various state and local authorities, generally for three years after they are submitted.

##### **[10] 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.

##### **[11] 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 December 31, 2014 through May 28, 2015, the date the financial statements were available to be issued.

##### **[12] Reclassification:**

Certain prior-year's balances have been reclassified for comparative purposes.



## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2014 and 2013

#### NOTE B - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2014		2013	
	Fair Value	Cost	Fair Value	Cost
Invested money-market funds	\$ 665,239	\$ 665,239	\$ 291,298	\$ 291,298
Certificates of deposit	468,394	469,000	647,282	649,000
U.S. government bonds	180,540	179,128	602,614	639,649
Preferred stock	490,379	487,986	9,412	9,550
Equity securities	1,912,225	1,351,592	1,749,831	1,260,746
Mutual funds	<u>1,167,712</u>	<u>1,204,050</u>	<u>1,199,977</u>	<u>1,177,945</u>
	<u>\$ 4,884,489</u>	<u>\$ 4,356,995</u>	<u>\$ 4,500,414</u>	<u>\$ 4,028,188</u>

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

	Year Ended December 31,	
	2014	2013
Interest and dividends	\$ 119,574	\$ 121,179
Investment management fees	<u>(39,571)</u>	<u>(33,561)</u>
Interest and dividends, net	<u>80,003</u>	<u>87,618</u>
Net realized gains	109,951	212,837
Net unrealized gains	<u>50,912</u>	<u>38,739</u>
Total net realized and unrealized gains	<u>160,863</u>	<u>251,576</u>
Total investment income	<u>\$ 240,866</u>	<u>\$ 339,194</u>

The FASB's ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on 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 those investments, or similar investments, at the reporting date.

Level 2 - Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for those investments, or similar investments, 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 year-end 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 year-end.

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2014 and 2013

#### NOTE B - INVESTMENTS (CONTINUED)

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 availability of market data is monitored to assess the appropriate classification of finance instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2014 and 2013, there were no transfers between Level 1 and 2 investments; the Foundation had no Level 3 investments.

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

	December 31,					
	2014			2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Invested money-market funds	\$ 665,239		\$ 665,239	\$ 291,298		\$ 291,298
Certificates of deposit		\$ 468,394	468,394		\$ 647,282	647,282
U.S. government bonds		180,540	180,540		602,614	602,614
Preferred stock	490,379		490,379	9,412		9,412
Equity securities	1,912,225		1,912,225	1,749,831		1,749,831
Mutual funds	<u>1,167,712</u>		<u>1,167,712</u>	<u>1,199,977</u>		<u>1,199,977</u>
Total investments	<u>\$ 4,235,555</u>	<u>\$ 648,934</u>	<u>\$ 4,884,489</u>	<u>\$ 3,250,518</u>	<u>\$ 1,249,896</u>	<u>\$ 4,500,414</u>

#### NOTE C - WEBSITE COSTS

At December 31, 2014 and 2013, original website costs were \$126,063. Depreciation expense for 2014 and 2013 was \$7,004 and \$42,021, respectively. At December 31, 2014, the website costs were fully depreciated.

#### NOTE D - CONTRIBUTIONS RECEIVABLE

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

	December 31,	
	2014	2013
Less than one year	\$ 250,165	\$ 284,095
Less: allowance for doubtful accounts	<u>(8,000)</u>	
Total	<u>\$ 242,165</u>	<u>\$ 284,095</u>

## **COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

### **Notes to Financial Statements December 31, 2014 and 2013**

#### **NOTE E - TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2014 and 2013, temporarily restricted net assets were restricted for the "Cancer and Careers" program and amounted to \$215,000 and \$270,000, respectively. During 2014 and 2013, net assets released from restrictions for the "Cancer and Careers" program were \$270,000 and \$286,380, 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 \$22,462 and \$16,300 in 2014 and 2013, respectively.

#### **NOTE G - JOINT COSTS**

During 2014 and 2013, the Foundation incurred pre-allocation costs of \$106,315 and \$86,262, respectively, for materials and activities that included fund-raising appeals. Of these costs, \$95,684 and \$77,636, respectively, were allocated to program services, and \$10,631 and \$8,626, respectively, were allocated to fund-raising.

#### **NOTE H - IN-KIND CONTRIBUTIONS**

##### **[1] Special events:**

For several of its special events held during the year, the Foundation received contributed goods and services for advertising, media coverage, journals, auction prizes, and printing services. Revenue for such contributed goods and services has been recognized, with an equivalent offset to fund-raising expense for special events, based on a fair value of \$287,626 and \$265,650 for 2014 and 2013, respectively.

##### **[2] Public service announcements:**

The Foundation receives in-kind contributions in the form of donated placements of public service announcements ("PSAs") in magazines. Because the Foundation would not normally advertise in magazines and has no control over when and how often these PSAs are published, the Foundation has not recorded the value of these PSAs in the accompanying financial statements.

#### **NOTE I - RELATED-PARTY TRANSACTIONS**

The Foundation has various activities in common with Cosmetic Executive Women, Inc. (the "Organization"), a Section 501(c)(6) membership organization, the financial statements of which, under generally accepted accounting principles, do not meet the criteria for consolidation with those of the Foundation. During 2014 and 2013, respectively, certain costs for shared general and administrative expenses of \$180,992 and \$130,000, including rent charges, were allocated by the Organization to the Foundation. The Organization and Foundation have elected to relocate their offices into office space located at 159 W. 25<sup>th</sup> Street under a non-cancelable operating lease agreement commencing October 1, 2014. The term of the lease is for 10 years and provides for a rent abatement of the first 8 months of the lease term, with rental payments scheduled to begin in July 2015. Due to the application of the straight-line method of accounting for the lease payments, the Foundation's allocated share of the rent expense of \$25,387 was recognized for the new offices and is reported as a non-operating activity for 2014.

## **COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

### **Notes to Financial Statements December 31, 2014 and 2013**

#### **NOTE I - RELATED-PARTY TRANSACTIONS (CONTINUED)**

Additionally, the Organization pays certain of the Foundation's expenses, which are reimbursed by the Foundation. At December 31, 2014 and 2013, the amounts due to the Organization were \$349,433 and \$115,474, respectively.

#### **NOTE J - LINE-OF-CREDIT**

During 2014, the Foundation established a line-of-credit with a bank which provides for a maximum credit line of \$3,200,000 at a variable rate of interest. The loan is collateralized by some of the Foundation's securities. At December 31, 2014, the Foundation had not drawn on this funding.

#### **NOTE K - COMMITMENTS**

In the normal course of business, the Foundation enters into various contracts for professional and other services, which are typically renewable on either a month-to-month or year-to-year basis.

#### **NOTE L - CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash balances 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.