

EISNERAMPER

**COSMETIC EXECUTIVE WOMEN
FOUNDATION, LTD.**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018



INDEPENDENT AUDITORS' REPORT

Board of Governors
Cosmetic Executive Women Foundation, Ltd.

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, 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

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.

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 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 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 the Cosmetic Executive Women Foundation, Ltd. 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.



EISNERAMPER LLP
New York, New York
September 2, 2020



COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Financial Position

| | <u>December 31,</u> | |
|--|---------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 462,067 | \$ 627,453 |
| Contributions receivable, net | 181,186 | 149,759 |
| Due from related party | 116,339 | - |
| Investments | 4,611,982 | 3,909,000 |
| Prepaid expenses and other assets | 42,612 | 46,240 |
| Property and equipment, net | 7,563 | 9,318 |
| Website costs, net | 93,515 | 150,016 |
| | <u>5,515,264</u> | <u>4,891,786</u> |
| Total assets | <u>\$ 5,515,264</u> | <u>\$ 4,891,786</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 605,566 | \$ 602,162 |
| Deferred revenue | 17,500 | 25,500 |
| Due to related party | - | 10,261 |
| | <u>623,066</u> | <u>637,923</u> |
| Total liabilities | <u>623,066</u> | <u>637,923</u> |
| Commitments and Contingency (Note M) | | |
| Net assets: | | |
| Without donor restrictions | <u>4,557,918</u> | <u>3,941,070</u> |
| With donor restrictions: | | |
| Time-restricted for future periods | <u>334,280</u> | <u>312,793</u> |
| Total net assets with donor restrictions | <u>334,280</u> | <u>312,793</u> |
| Total net assets | <u>4,892,198</u> | <u>4,253,863</u> |
| Total net assets and liabilities | <u>\$ 5,515,264</u> | <u>\$ 4,891,786</u> |

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Activities

| | Year Ended December 31, | | | | | |
|---|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|
| | 2019 | | | 2018 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Public support and revenue: | | | | | | |
| Contributions | \$ 2,629,441 | \$ 273,187 | \$ 2,902,628 | \$ 1,826,429 | \$ 342,793 | \$ 2,169,222 |
| Contributed goods and services | 373,584 | - | 373,584 | 378,917 | - | 378,917 |
| Special events (including in-kind contributed auction items of \$65,000 and \$46,425 for 2019 and 2018, respectively, and net of direct benefits to donors of \$66,150 and \$56,304 in 2019 and 2018, respectively) | 481,665 | - | 481,665 | 488,189 | - | 488,189 |
| Investment income (losses), net | 702,835 | - | 702,835 | (183,337) | - | (183,337) |
| Total public support and revenue before release of restrictions | 4,187,525 | 273,187 | 4,460,712 | 2,510,198 | 342,793 | 2,852,991 |
| Net assets released from restrictions | 251,700 | (251,700) | - | 430,432 | (430,432) | - |
| Total public support and revenue | 4,439,225 | 21,487 | 4,460,712 | 2,940,630 | (87,639) | 2,852,991 |
| Expenses: | | | | | | |
| Program services | 2,375,003 | - | 2,375,003 | 2,329,334 | - | 2,329,334 |
| Supporting services: | | | | | | |
| General and administrative | 571,461 | - | 571,461 | 527,763 | - | 527,763 |
| Fund-raising | 875,913 | - | 875,913 | 853,176 | - | 853,176 |
| Total supporting services | 1,447,374 | - | 1,447,374 | 1,380,939 | - | 1,380,939 |
| Total expenses | 3,822,377 | - | 3,822,377 | 3,710,273 | - | 3,710,273 |
| Change in net assets | 616,848 | 21,487 | 638,335 | (769,643) | (87,639) | (857,282) |
| Net assets, beginning of year | 3,941,070 | 312,793 | 4,253,863 | 4,710,713 | 400,432 | 5,111,145 |
| Net assets, end of year | <u>\$ 4,557,918</u> | <u>\$ 334,280</u> | <u>\$ 4,892,198</u> | <u>\$ 3,941,070</u> | <u>\$ 312,793</u> | <u>\$ 4,253,863</u> |

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Functional Expenses

| | Year Ended December 31, | | | | | | | | | |
|--|-------------------------|---------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|
| | 2019 | | | | | 2018 | | | | |
| | Program Services | Supporting Services | | | Total | Program Services | Supporting Services | | | Total |
| | | Cancer and Careers | General and Administrative | Fund-Raising | | | Cancer and Careers | General and Administrative | Fund-Raising | |
| Salaries and related taxes and benefits | \$ 883,160 | \$ 387,933 | \$ 424,551 | \$ 812,484 | \$ 1,695,644 | \$ 852,183 | \$ 407,013 | \$ 431,055 | \$ 838,068 | \$ 1,690,251 |
| Professional fees | 115,343 | 111,916 | 57,980 | 169,896 | 285,239 | 64,144 | 58,758 | 61,166 | 119,924 | 184,068 |
| Office supplies and expense | 749 | 10,761 | 19 | 10,780 | 11,529 | 504 | 7,998 | 173 | 8,171 | 8,675 |
| Postage and delivery | 3,250 | - | 734 | 734 | 3,984 | 3,118 | - | 52 | 52 | 3,170 |
| Printing and reproduction | 45,729 | 825 | 82 | 907 | 46,636 | 79,510 | 127 | - | 127 | 79,637 |
| Occupancy | 75,938 | 7,536 | 32,462 | 39,998 | 115,936 | 74,118 | 7,355 | 31,684 | 39,039 | 113,157 |
| Travel and related costs | 26,382 | 828 | 4,802 | 5,630 | 32,012 | 32,649 | 1,205 | 2,866 | 4,071 | 36,720 |
| Insurance | - | 15,670 | - | 15,670 | 15,670 | - | 14,807 | - | 14,807 | 14,807 |
| Website maintenance | 134,462 | 11,698 | 4,200 | 15,898 | 150,360 | 117,549 | 9,906 | 5,508 | 15,414 | 132,963 |
| Space rental/catering | 16,085 | - | 238,856 | 238,856 | 254,941 | 7,994 | - | 243,590 | 243,590 | 251,584 |
| Seminars and micro-grants | 244,822 | - | 392 | 392 | 245,214 | 228,883 | - | 867 | 867 | 229,750 |
| Marketing | 663,669 | 900 | 125,033 | 125,933 | 789,602 | 652,929 | 950 | 85,497 | 86,447 | 739,376 |
| Videos | 40,483 | - | - | - | 40,483 | 87,440 | - | - | - | 87,440 |
| Information technology | 32,423 | 3,060 | 12,425 | 15,485 | 47,908 | 18,708 | 1,745 | 6,982 | 8,727 | 27,435 |
| Miscellaneous expense | 52,831 | 16,626 | 25,656 | 42,282 | 95,113 | 60,788 | 14,191 | 25,169 | 39,360 | 100,148 |
| Depreciation and amortization | 39,677 | 3,708 | 14,871 | 18,579 | 58,256 | 39,676 | 3,708 | 14,871 | 18,579 | 58,255 |
| Total expenses before excise taxes and less direct benefits to donor | <u>2,375,003</u> | <u>571,461</u> | <u>942,063</u> | <u>1,513,524</u> | <u>3,888,527</u> | <u>2,320,193</u> | <u>527,763</u> | <u>909,480</u> | <u>1,437,243</u> | <u>3,757,436</u> |
| Excise taxes (Note A[13]) | - | - | - | - | - | 9,141 | - | - | - | 9,141 |
| Less: Direct benefits to donors | - | - | (66,150) | (66,150) | (66,150) | - | - | (56,304) | (56,304) | (56,304) |
| Total expenses per the statements of activities | <u>\$ 2,375,003</u> | <u>\$ 571,461</u> | <u>\$ 875,913</u> | <u>\$ 1,447,374</u> | <u>\$ 3,822,377</u> | <u>\$ 2,329,334</u> | <u>\$ 527,763</u> | <u>\$ 853,176</u> | <u>\$ 1,380,939</u> | <u>\$ 3,710,273</u> |

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Cash Flows

| | Year Ended December 31, | |
|---|------------------------------------|-------------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Change in net assets | \$ 638,335 | \$ (857,282) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation and amortization | 58,256 | 58,255 |
| Net realized and unrealized (gains) losses on investments | (618,035) | 267,048 |
| Bad debt expense | 343 | - |
| Changes in: | | |
| Contributions receivable | (31,770) | 151,328 |
| Due from related party | (116,339) | 1,520 |
| Prepaid expenses and other assets | 3,628 | (12,958) |
| Accounts payable and accrued expenses | 3,404 | 99,648 |
| Deferred revenue | (8,000) | 14,269 |
| Due to related party | (10,261) | 10,261 |
| | <u>(80,439)</u> | <u>(267,911)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities: | | |
| Capitalized website costs | - | (69,151) |
| Purchases of investments | (721,801) | (1,878,668) |
| Proceeds from sales of investments | 636,854 | 2,246,416 |
| | <u>(84,947)</u> | <u>298,597</u> |
| Net cash (used in) provided by investing activities | | |
| Net change in cash and cash equivalents | (165,386) | 30,686 |
| Cash and cash equivalents, beginning of year | <u>627,453</u> | <u>596,767</u> |
| Cash and cash equivalents, end of year | \$ 462,067 | \$ 627,453 |
| Supplemental disclosure of cash flow information: | | |
| Contributed goods and services | <u>\$ 438,584</u> | <u>\$ 425,342</u> |
| Unrelated business income taxes paid | <u>\$ 9,141</u> | <u>\$ -</u> |

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE A - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The 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. In 2001, the Foundation launched "Cancer and Careers" which is dedicated to empowering and educating people with cancer to thrive in their workplace by providing expert advice, interactive tools and educational events. Through a comprehensive website, free publications, career coaching, and a series of support groups and educational seminars for employees with cancer and their healthcare providers and coworkers, Cancer and Careers strives to eliminate fear and uncertainty for working people with cancer.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). It is exempt from state and local taxes under comparable laws.

[2] Basis of accounting:

The 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 ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, and expenses, as well as the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

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 statements of financial position.

[5] Investments:

Investments in certificates of deposit, equity securities, fixed income securities, and mutual funds with readily determinable fair values are reported at their fair values in the statements of financial position at year-end based on quoted market prices.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

The Foundation's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, 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 financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE A - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Investment expenses include the service fees and costs of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note C are those specific fees charged by the Foundation's various investment managers in each year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

[6] Property and equipment:

Property and equipment are recorded at their original costs at the dates of acquisition, or, if contributed, at their estimated fair values at the dates of donation, less accumulated depreciation. The Foundation capitalizes items of property and equipment that have a cost of \$2,500 or more and a useful life greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over three to seven years, the estimated useful lives of the furniture and fixtures, respectively. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

Management evaluates the recoverability of the investments in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2019 and 2018, respectively, and, in the opinion of management, there were no impairments. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimates of the recoverability of these assets.

[7] Website costs:

Website costs related to application development, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and support are expensed as incurred. The Foundation capitalizes website costs that have a cost of \$2,500 or more and a useful life greater than one year. Capitalized costs are amortized over a five-year expected life using the straight-line method. At December 31, 2019 and 2018, capitalized website costs were presented net of accumulated amortization of \$188,990 and \$132,489, respectively.

[8] Deferred revenue:

Deposits for special events received prior to December 31, but applicable to the following year, are deferred and recognized in the year that the event occurs.

[9] Net assets:

(i) Net Assets Without Donor Restrictions:

The Foundation's net assets without donor restrictions represent those resources that are available for current operations, as there are no restrictions by donors regarding their use.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE A - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Net assets: (continued)

(ii) *Net assets with Donor Restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as the Foundation's program, "Cancer and Careers" and/or a specified period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." It is the Foundation's policy to record restricted contributions received and expended in satisfaction of the restriction in the same accounting period within the category of "net assets without donor restrictions".

[10] Revenue recognition:

(i) *Contributions:*

Contributions to the Foundation are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with purpose restrictions or time considerations as to their use. Contribution receivable revenue is recognized based on the present value of the estimated future payments to be made to the Foundation. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Foundation's management or necessary events have taken place.

(ii) *Special events:*

The Foundation conducts special events. A portion of the gross proceeds paid by the attendees represents payment for the direct costs of the benefits received by the attendees at the event. Such special-event income is reported net of the direct costs of the event that are attributable to the benefits that the donors receive. In the absence of a verifiable objective means to demonstrate otherwise, the fair value of entertainment provided at these special events is measured at the actual cost to the Foundation.

(iii) *Contributed goods and services:*

For recognition of donated services within the Foundation's financial statements, such services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must: (i) require a specialized skill; and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the statements of activities.

(iv) *Media placement:*

The Foundation may receive 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 financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE A - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Revenue recognition: (continued)

(v) *Volunteers:*

A substantial number of Board members and volunteers have donated significant amounts of their time and support through fund-raising and participation in events in furtherance of the Foundation's mission. The value of this donated volunteer time is not reflected in the accompanying financial statements, as it does not meet the criteria for recognition under U.S. GAAP.

[11] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expense for 2019 and 2018 was approximately \$307,000 and \$293,000, respectively.

[12] Functional allocation of expenses:

The costs of providing the Foundation's program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been allocated among the program and supporting services based on the nature of each expense. Indirect costs have been allocated on the basis of time allocation with the exception of occupancy and depreciation and amortization, which are allocated based on square footage.

[13] Income taxes:

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

Subsequent to December 31, 2019, the provision in the tax code requiring the Foundation to remit a tax attributable to transportation fringe benefits was repealed retroactively to December 31, 2017, therefore eliminating the Foundation's obligation for this tax. The Foundation will file for a claim of refund for any taxes paid subsequent to December 31, 2017 relating to transportation fringe benefits.

[14] Adoption of accounting principles:

(i) *Revenue from Contracts with Customers:*

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 enhances revenue related disclosures. The new standard is effective for fiscal years beginning after December 15, 2019; accordingly, the Foundation early adopted this pronouncement for its year ended December 31, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the new standard.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE A - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[14] Adoption of accounting principles: (continued)

(ii) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made:*

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a framework for evaluating whether grants should be accounted for as exchange transactions or as non-exchange transactions. For non-exchange transactions, the new guidance clarifies whether arrangements are conditional or unconditional. The standard is effective for years beginning after December 15, 2018 for entities receiving resources, and accordingly the Foundation adopted this for the year ending December 31, 2019. The standard for entities providing resources is effective for years beginning after December 15, 2019 and management is in the process of assessing the impact of this portion of the ASU on the financial statements.

(iii) *Disclosure Requirement for Fair Value Measurement:*

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modified the disclosure requirements for fair value measurements and is effective for years beginning after December 15, 2019, with early adoption permitted. The effect of adopting this accounting guidance will result in the removal or modification of certain fair value measurement disclosures presented in the Foundation's financial statements. The Foundation early-adopted this pronouncement as of December 31, 2019, which under U.S. GAAP is a change in accounting principle requiring retroactive application in the financial statements for all periods presented.

[15] Subsequent events:

The Foundation has evaluated subsequent events through September 2, 2020, the date on which the financial statements were available to be issued.

NOTE B - CONTRIBUTIONS RECEIVABLE

At each year-end, the contributions receivable were due to be collected as follows:

| | December 31, | |
|---------------------------------------|--------------------------|--------------------------|
| | 2019 | 2018 |
| Less than one year | \$ 181,529 | \$ 149,759 |
| Less: allowance for doubtful accounts | (343) | - |
| | <u>\$ 181,186</u> | <u>\$ 149,759</u> |

The Foundation periodically assess the collectability of its receivables and provides for an allowance for anticipated losses, if any, when necessary.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

**Notes to Financial Statements
December 31, 2019 and 2018**

NOTE C - INVESTMENTS

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

| | December 31, | | | |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2019 | | 2018 | |
| | Fair Value | Cost | Fair Value | Cost |
| Money-market funds | \$ 246,300 | \$ 246,300 | \$ 88,089 | \$ 88,089 |
| Certificates of deposit | 200,082 | 200,082 | 198,960 | 198,960 |
| Equity securities | 1,545,164 | 1,073,547 | 1,208,595 | 1,058,168 |
| U.S. government bonds | 549,536 | 533,042 | 488,709 | 498,856 |
| Corporate bonds | 197,356 | 186,684 | 209,436 | 217,045 |
| Mutual funds: | | | | |
| Fixed-income | 1,873,544 | 1,844,383 | 983,947 | 886,564 |
| Equities | - | - | 731,264 | 981,021 |
| | <u>\$ 4,611,982</u> | <u>\$ 4,084,038</u> | <u>\$ 3,909,000</u> | <u>\$ 3,928,703</u> |

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

| | Year Ended December 31, | |
|---|----------------------------|---------------------|
| | 2019 | 2018 |
| Interest and dividends | \$ 121,647 | \$ 118,684 |
| Investment management fees | (36,847) | (34,973) |
| | <u>84,800</u> | <u>83,711</u> |
| Net realized gains | 70,388 | 240,656 |
| Net unrealized gains (losses) | 547,647 | (507,704) |
| | <u>618,035</u> | <u>(267,048)</u> |
| Total net realized and unrealized gains (losses) | <u>618,035</u> | <u>(267,048)</u> |
| Total investment income (losses) | <u>\$ 702,835</u> | <u>\$ (183,337)</u> |

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE C - INVESTMENTS (CONTINUED)

ASC Topic 820, *Fair Value Measurements*, 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 identical investments, at the reporting date.

Level 2 - Valuations are based on: (i) quoted prices for similar investments in active markets; or (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 3 - Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

The availability of market data is monitored by the Foundation's management, to assess the appropriate classification of financial 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.

The following tables summarize the fair values of the Foundation's investments at each year-end, in accordance with the ASC Topic 820 fair-value levels:

| | December 31, | | | | | |
|-------------------------|--------------------|-------------------|---------------------|--------------------|-------------------|---------------------|
| | 2019 | | | 2018 | | |
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Certificates of deposit | \$ - | \$ 200,082 | \$ 200,082 | \$ - | \$ 198,960 | \$ 198,960 |
| Equity securities | 1,545,164 | - | 1,545,164 | 1,208,595 | - | 1,208,595 |
| U.S. government bonds | 549,536 | - | 549,536 | 488,709 | - | 488,709 |
| Corporate bonds | - | 197,356 | 197,356 | - | 209,436 | 209,436 |
| Mutual funds: | | | | | | |
| Fixed-income | 1,873,544 | - | 1,873,544 | 983,947 | - | 983,947 |
| Equities | - | - | - | 731,264 | - | 731,264 |
| | <u>\$3,968,244</u> | <u>\$ 397,438</u> | <u>\$ 4,365,682</u> | <u>\$3,412,515</u> | <u>\$ 408,396</u> | <u>\$ 3,820,911</u> |

The Foundation has money-market funds of \$246,300 and \$88,089, respectively, as of December 31, 2019 and 2018.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE D - PROPERTY AND EQUIPMENT

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

| | December 31, | |
|--|-----------------|-----------------|
| | 2019 | 2018 |
| Furniture and fixtures | \$ 7,242 | \$ 7,242 |
| Leasehold improvements | 5,466 | 5,466 |
| | 12,708 | 12,708 |
| Less: accumulated depreciation and amortization | (5,145) | (3,390) |
| | \$ 7,563 | \$ 9,318 |

NOTE E - CONTRIBUTED GOODS AND SERVICES

For several of the Foundation's special events held during the year, the Foundation received contributed goods and services for advertising, media coverage journal, prizes, and printing service. 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 \$373,584 and \$378,917 for 2019 and 2018, respectively. Additionally, the Foundation received donated auction items of \$65,000 and \$46,425 at December 31, 2019 and 2018, respectively, in conjunction with a special event. These donation proceeds are included in revenue from special events in the accompanying statements of activities.

NOTE F - REVENUE FOR SPECIAL EVENTS

The following table provides information about significant changes in deferred revenue from special event ticket sales consisting of the following:

| | Year Ended December 31, | |
|--|----------------------------|------------------|
| | 2019 | 2018 |
| Deferred revenue, beginning of year | \$ 25,200 | \$ 11,231 |
| Revenue recognized that was included in deferred revenue at beginning of year | (25,200) | (11,231) |
| Increase in deferred revenue due to cash received during the period | 17,500 | 25,200 |
| Deferred revenue, end of year | \$ 17,500 | \$ 25,200 |

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions were restricted for the following:

| | December 31, | |
|------------------------------------|-------------------|-------------------|
| | 2019 | 2018 |
| Time-restricted for future periods | <u>\$ 334,280</u> | <u>\$ 312,793</u> |
| | <u>\$ 334,280</u> | <u>\$ 312,793</u> |

During each year, net assets released with donor restrictions were released from restrictions as follows:

| | December 31, | |
|------------------------------------|-------------------|-------------------|
| | 2019 | 2018 |
| Purpose: | | |
| Cancer & Careers | \$ - | \$ 50,000 |
| Time-restricted for future periods | <u>251,700</u> | <u>380,432</u> |
| | <u>\$ 251,700</u> | <u>\$ 430,432</u> |

NOTE H - BANK LINE-OF-CREDIT

The Foundation maintains a bank line-of-credit which provides for a maximum credit line of \$3,200,000 at a variable interest rate based on LIBOR plus 1.5%, which ranged from 3.79% and 4.05% in 2019 and 2018, respectively. The line-of-credit is collateralized by a portion of the Foundation's investments which is equivalent to the amount of the draw down. There were no drawdowns during either 2019 or 2018.

NOTE I - RETIREMENT PLANS

[1] Defined-contribution 403(b) retirement plan:

The Foundation participates in the Prestige Employee Administrators Retirement Savings Plan, which is administrated and maintained by the Foundation's third-party professional service Organization (Note M[1]). The Plan is covered under Section 401(k) of the Code, and covers all eligible employees, whereby the Foundation contributes an amount equal to 3% of an employee's annual compensation, up to a maximum of \$8,400 per associate, as defined by the Plan. The Foundation's contribution to the plan was \$27,191 and \$23,912 in 2019 and 2018, respectively.

[2] Deferred compensation 457(b) retirement plan:

The Foundation has a 457(b) deferred compensation plan for two key employees. Accruals to this plan amounted to \$6,650 and \$5,550 in 2019 and 2018, respectively. This plan is administrated and maintained by the Foundation's third-party professional service organization (Note M[1]).

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE J - ALLOCATION OF JOINT COSTS

During each year, the Foundation conducted activities that included appeals for contributions as well as program components such as direct mail campaigns, special events and incurred joint costs, allocated as follows:

| | Year Ended December 31, | |
|----------------------------|----------------------------|------------------|
| | 2019 | 2018 |
| Cancer and Careers Program | \$ 46,305 | \$ 39,413 |
| Fund-raising | 19,845 | 16,891 |
| | <u>\$ 66,150</u> | <u>\$ 56,304</u> |

NOTE K - 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 U.S. GAAP, do not meet the criteria for consolidation with those of the Foundation. Certain costs for shared general and administrative expenses, as well as shared office space, were allocated by the Organization to the Foundation totaling \$253,916 and \$240,915 for 2019 and 2018, respectively. Additionally, the Organization pays certain of the Foundation's expenses including allocated costs for office space, which are reimbursed by the Foundation. The Organization and Foundation share office space located at 159 West 25th Street under an operating lease agreement between the Organization and the landlord which expires in September 2024. At December 31, 2019 the receivable due from the Organization amounted to \$116,339 and was received during 2020. At December 31, 2018, the payable due to the Organization amounted to \$10,261. The Foundation fully reimbursed the Organization during 2019.

NOTE L - CONCENTRATION OF REVENUE

During 2019 and 2018, approximately 78% and 63%, respectively, of the Foundation's total contributions were provided by one donor.

NOTE M - COMMITMENTS AND CONTINGENCY

[1] Payroll:

The Foundation leases its employees from a third-party, professional-service organization, under an agreement which automatically renews on an annual basis, unless terminated with notice by either party.

[2] Other contracts:

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

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2019 and 2018

NOTE M - COMMITMENTS AND CONTINGENCY (CONTINUED)

[3] COVID-19:

The extent of the impact of the Coronavirus ("COVID-19") outbreak on the operational and financial performance of the Foundation will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on the overall availability of contributions towards the Foundation's programs, all of which are highly uncertain and cannot be predicted. If contributions towards the Foundation's programs are impacted for an extended period, results of operations may be materially adversely affected.

NOTE N - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the statements of financial position date, reduced by amounts not available for general expenditure within one year of December 31, 2019 and 2018, because of donor-imposed restrictions.

| | <u>December 31,</u> | |
|--|---------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| Cash and cash equivalents | \$ 462,067 | \$ 627,453 |
| Contribution receivable, net | 181,186 | 149,759 |
| Due from related party | 116,339 | - |
| Investments | <u>4,611,982</u> | <u>3,909,000</u> |
| Total financial assets available within one year | <u>5,371,574</u> | <u>4,686,212</u> |
| Less: | | |
| Amounts unavailable for general expenditures within one year due to donor restrictions for: | | |
| Time-restrictions for future periods | <u>(334,280)</u> | <u>(312,793)</u> |
| Total financial assets available to meet cash needs for general expenditures within one year | <u>\$ 5,037,294</u> | <u>\$ 4,373,419</u> |

Liquidity policy:

The Foundation maintains a sufficient level of operating cash and investments, available to meet general expenditures, current liabilities, and other obligations that come due. The Foundation also has a committed line of credit to help manage unanticipated liquidity needs, if needed.

NOTE O - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances in a high-credit-quality financial institution in amounts which, at times, may be in excess of federally insured limits. The Foundation has not experienced any losses in such accounts, and management believes that the Foundation is not exposed to any significant risk of loss due to the failure of this financial institution.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

**Notes to Financial Statements
December 31, 2019 and 2018**

NOTE P - SUBSEQUENT EVENT

Subsequent to year end, the Foundation received a Paycheck Protection Program Loan in the amount of approximately \$201,000.