



**COSMETIC EXECUTIVE WOMEN
FOUNDATION, LTD.**

FINANCIAL STATEMENTS

DECEMBER 31, 2015 and 2014

EISNER AMPER
LLP

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, 2015 and 2014, 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 auditors' judgments, 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 auditors consider 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, 2015 and 2014, 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
June 15, 2016

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Financial Position

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 331,347	\$ 710,855
Investments	4,859,440	4,884,489
Contributions receivable, net	346,408	242,165
Prepaid expenses and other assets	35,751	42,068
Property and equipment	<u>122,968</u>	<u> </u>
	<u>\$ 5,695,914</u>	<u>\$ 5,879,577</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 146,753	\$ 92,028
Deferred salary payable	264,317	169,411
Due to related party	<u>56,543</u>	<u>349,433</u>
Total liabilities	<u>467,613</u>	<u>610,872</u>
Commitments (Note J)		
Net assets:		
Unrestricted	5,058,301	5,053,705
Temporarily restricted	<u>170,000</u>	<u>215,000</u>
	<u>5,228,301</u>	<u>5,268,705</u>
Total net assets	<u>\$ 5,695,914</u>	<u>\$ 5,879,577</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions	\$ 1,974,958	\$ 215,000	\$ 2,189,958	\$ 1,765,012	\$ 215,000	\$ 1,980,012
Contributed goods and services	322,142		322,142	287,626		287,626
Special events (including in-kind donated auction items of \$60,000 and \$46,000 for 2015 and 2014, respectively, and net of direct benefits to donors of \$121,193 and \$106,315 in 2015 and 2014, respectively)	546,259		546,259	634,013		634,013
Net investment (losses) income	<u>(27,801)</u>		<u>(27,801)</u>	<u>240,866</u>		<u>240,866</u>
Total public support and revenue before release of restrictions	2,815,558	215,000	3,030,558	2,927,517	215,000	3,142,517
Net assets released from restrictions	<u>260,000</u>	<u>(260,000)</u>	<u>0</u>	<u>270,000</u>	<u>(270,000)</u>	<u>0</u>
Total public support and revenue	<u>3,075,558</u>	<u>(45,000)</u>	<u>3,030,558</u>	<u>3,197,517</u>	<u>(55,000)</u>	<u>3,142,517</u>
Expenses:						
Program services	2,377,297		2,377,297	2,197,660		2,197,660
General and administrative	333,873		333,873	274,787		274,787
Fund-raising	<u>359,792</u>		<u>359,792</u>	<u>360,172</u>		<u>360,172</u>
Total expenses	<u>3,070,962</u>		<u>3,070,962</u>	<u>2,832,619</u>		<u>2,832,619</u>
Change in net assets	4,596	(45,000)	(40,404)	364,898	(55,000)	309,898
Net assets - beginning of year	<u>5,053,705</u>	<u>215,000</u>	<u>5,268,705</u>	<u>4,688,807</u>	<u>270,000</u>	<u>4,958,807</u>
Net assets - end of year	<u>\$ 5,058,301</u>	<u>\$ 170,000</u>	<u>\$ 5,228,301</u>	<u>\$ 5,053,705</u>	<u>\$ 215,000</u>	<u>\$ 5,268,705</u>

See notes to financial statements

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Functional Expenses

	Year Ended December 31,							
	2015				2014			
	Program Expense	General and Administrative	Fund- Raising	Total	Program Expense	General and Administrative	Fund- Raising	Total
Salaries and related taxes and benefits	\$ 1,101,795	\$ 117,525	\$ 249,740	\$ 1,469,060	\$ 911,890	\$ 97,268	\$ 206,695	\$ 1,215,853
Professional fees	24,359	77,409	2,074	103,842	175,128	72,151	63,897	311,176
Office supplies and expense	7,121	27,176	287	34,584	2,915	38,057	635	41,607
Postage and delivery	3,678		2,136	5,814	3,883			3,883
Printing and reproduction	41,483	371		41,854	88,293	296		88,589
Occupancy	107,030	11,416	24,260	142,706	80,405	8,577	18,225	107,207
Travel and related costs	24,219	4,465	604	29,288	14,558	4,438	4,027	23,023
Insurance		13,706		13,706		11,989		11,989
Website maintenance	99,176		588	99,764	116,085		240	116,325
Event expense	144,871		4,050	148,921	158,337		19,809	178,146
Seminars and micro-grants	178,244			178,244	163,240	62		163,302
Marketing	506,108	272	63,366	569,746	421,983	453	38,905	461,341
Strategic plan	91,787	1,308	7,424	100,519	3,638		5,202	8,840
Videos	33,198			33,198	28,500			28,500
Information technology		32,174		32,174		21,555		21,555
Miscellaneous expense	565	48,051	5,263	53,879	21,800	19,942	2,537	44,279
Depreciation and amortization	13,663			13,663	7,004			7,004
	<u>\$ 2,377,297</u>	<u>\$ 333,873</u>	<u>\$ 359,792</u>	<u>\$ 3,070,962</u>	<u>\$ 2,197,659</u>	<u>\$ 274,788</u>	<u>\$ 360,172</u>	<u>\$ 2,832,619</u>

See notes to financial statements

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (40,404)	\$ 309,898
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization	13,663	7,004
Net realized and unrealized losses (gains) on investments	111,148	(160,863)
Change in allowance for doubtful accounts		8,000
Bad debt expense	1,750	
Changes in:		
Contributions receivable	(105,993)	33,930
Prepaid expenses and other assets	6,317	(4,203)
Accounts payable and accrued expenses	54,725	(5,510)
Deferred salary payable	94,906	47,286
Due to related party	<u>(292,890)</u>	<u>233,959</u>
Net cash (used in) provided by operating activities	<u>(156,778)</u>	<u>469,501</u>
Cash flows from investing activities:		
Purchases of property and equipment	(136,631)	
Purchases of investments	(1,452,705)	(1,848,877)
Proceeds from sales of investments	<u>1,366,606</u>	<u>1,625,665</u>
Net cash used in investing activities	<u>(222,730)</u>	<u>(223,212)</u>
Net change in cash and cash equivalents	(379,508)	246,289
Cash and cash equivalents - January 1	<u>710,855</u>	<u>464,566</u>
Cash and cash equivalents - December 31	\$ <u>331,347</u>	\$ <u>710,855</u>
Supplemental data:		
Donated goods and services	<u>\$ 322,142</u>	<u>\$ 287,626</u>
Noncash donation of goods and services	<u>\$ 60,000</u>	<u>\$ 46,000</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2015 and 2014

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 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. 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, 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:

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 statements of financial position.

[5] Investments:

Investments in certificates of deposit and marketable and debt securities with readily determinable fair values are reported at their fair values at the end of the year in the accompanying statements of financial position, with realized and unrealized gains and losses included in the accompanying statements of activities. The Foundation's investments in mutual funds, primarily consisting of equity and fixed-income funds, are also reported at their fair values at year-end, as determined by management with the assistance of the related investment managers.

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. Investment fees charged by the Foundation's investment managers are embedded in the investment accounts and transactions.

[6] Property and equipment:

Property and equipment consist solely of website costs and are recorded at their original costs at the date of acquisition. 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. Amortization of website costs is provided using the straight-line method over three to five years, the estimated useful lives of the related assets.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2015 and 2014

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

[7] 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 assets category.

[8] Revenue recognition:

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.

Special events and donated goods and services:

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. Contributed goods are recognized at their fair values at the dates of donation. Contributions of services are recorded as both revenue and expense in the year in which they are received, provided that the services (i) create or enhance non-financial assets or (ii) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Revenue for such contributed goods and services has been recognized, with an equivalent offset to fund-raising expense for special events, based on the fair value of \$322,142 and \$287,626 for 2015 and 2014, respectively.

The Foundation received donated auction items of \$60,000 and \$46,000 at December 31, 2015 and 2014, respectively, in conjunction with one of their special events. These donations and proceeds are included in revenue from special events in the accompanying statements of activities.

Public service announcements:

The Foundation receives in-kind contributions in the form of donated placements of public service ("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.

[9] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expense for 2015 and 2014 was approximately \$177,000 and \$83,000, respectively.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2015 and 2014

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

[10] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management, among the Foundation's program and supporting services using appropriate measurement methodologies.

[11] 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*, as it relates to accounting and reporting for uncertainty in income taxes. Because of 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.

[12] Reclassification:

Certain information included in the prior-year's financial statements has been reclassified to conform to the current-year's financial statement presentation.

[13] 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 the year-end through June 15, 2016, the date the financial statements were available to be issued.

NOTE B - INVESTMENTS

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

	December 31,			
	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 629,055	\$ 629,055	\$ 665,239	\$ 665,239
Certificates of deposit	520,158	524,000	468,394	469,000
Equity securities	1,853,889	1,409,319	1,912,225	1,351,592
Preferred stock	5,040	4,844	490,379	487,986
U.S. government bonds	499,848	501,787	180,540	179,128
Corporate bonds	225,057	230,043		
Mutual funds	<u>1,126,393</u>	<u>1,248,539</u>	<u>1,167,712</u>	<u>1,204,050</u>
	<u>\$ 4,859,440</u>	<u>\$ 4,547,587</u>	<u>\$ 4,884,489</u>	<u>\$ 4,356,995</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2015 and 2014

NOTE B - INVESTMENTS (CONTINUED)

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

	Year Ended December 31,	
	2015	2014
Interest and dividends	\$ 123,738	\$ 119,574
Investment management fees	<u>(40,391)</u>	<u>(39,571)</u>
Interest and dividends, net	<u>83,347</u>	<u>80,003</u>
Net realized gains	104,493	109,951
Net unrealized (losses) gains	<u>(215,641)</u>	<u>50,912</u>
Total net realized and unrealized (losses) gains	<u>(111,148)</u>	<u>160,863</u>
Net investment (losses) income	<u>\$ (27,801)</u>	<u>\$ 240,866</u>

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 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 there is little, if any, market activity for the investments, or the investments cannot be independently valued.

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 2015 and 2014, there were no transfers between the fair-value hierarchy levels.

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,					
	2015			2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market funds	\$ 629,055		\$ 629,055	\$ 665,239		\$ 665,239
Certificates of deposit		\$ 520,158	520,158		\$ 468,394	468,394
Equity securities	1,853,889		1,853,889	1,912,225		1,912,225
Preferred stock	5,040		5,040	490,379		490,379
U.S. government bonds		499,848	499,848		180,540	180,540
Corporate bonds		225,057	225,057			
Mutual funds	<u>1,126,393</u>		<u>1,126,393</u>	<u>1,167,712</u>		<u>1,167,712</u>
Total investments	<u>\$ 3,614,377</u>	<u>\$ 1,245,063</u>	<u>\$ 4,859,440</u>	<u>\$ 4,235,555</u>	<u>\$ 648,934</u>	<u>\$ 4,884,489</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2015 and 2014

NOTE C - PROPERTY AND EQUIPMENT

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

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Website	\$ 262,694	\$ 126,063
Less accumulated amortization	<u>(139,726)</u>	<u>(126,063)</u>
Total	<u>\$ 122,968</u>	<u>\$ 0</u>

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:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Less than one year	\$ 326,408	\$ 250,165
One to five years	<u>20,000</u>	<u> </u>
Sub-total	346,408	250,165
Less: allowance for doubtful accounts	<u> </u>	<u>(8,000)</u>
Total	<u>\$ 346,408</u>	<u>\$ 242,165</u>

The Foundation periodically assesses the collectability of its contributions receivable and provides allowances for anticipated losses, if any, when necessary.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015 and 2014, temporarily restricted net assets were restricted for the "Cancer and Careers" program and amounted to \$170,000 and \$215,000, respectively. During 2015 and 2014, net assets released from restrictions for the "Cancer and Careers" program were \$260,000 and \$270,000, respectively.

NOTE F - RETIREMENT PLAN

The Foundation participates in a multiple-employer retirement plan, formed under Section 401(k) of the Internal Revenue Code, which covers all eligible employees, whereby it contributes an amount equal to 3% of an employee's annual compensation, as defined by the Plan. The Foundation's contributions to the plan were \$31,164 and \$22,462 in 2015 and 2014, respectively.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2015 and 2014

NOTE G - JOINT COSTS

During 2015 and 2014, the Foundation incurred pre-allocation costs of \$121,193 and \$106,315, respectively, for materials and activities that included fund-raising appeals. Of these costs, \$109,074 and \$95,684, respectively, were allocated to program services, and \$12,119 and \$10,631, respectively, were allocated to fund-raising.

NOTE H - 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. Certain costs for shared general and administrative expenses, including shared office space of \$230,237 and \$180,992, were allocated by the Organization to the Foundation for 2015 and 2014, respectively. The Organization and the Foundation relocated their offices to 159 West 25th Street under a non-cancelable ten-year operating lease agreement between the Organization and the landlord commenced on October 1, 2014.

Additionally, the Organization pays certain of the Foundation's expenses, which are reimbursed by the Foundation. At December 31, 2015 and 2014, the amounts due to the Organization were \$56,543 and \$349,433, respectively.

NOTE I - LINE-OF-CREDIT

The Foundation has 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 line-of-credit is collateralized by a portion of the Foundation's investments, which had a fair-value of \$3,209,586 at December 31, 2015. The Foundation did not draw down on this available funding during 2015 and 2014.

NOTE J - COMMITMENTS

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

NOTE K - 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 exceed federally insured limits. Management believes that the Foundation faces no significant risk of loss related to the failure of this financial institution.