

EISNERAMPER

**COSMETIC EXECUTIVE WOMEN
FOUNDATION, LTD.**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016



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, 2017 and 2016, 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 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, 2017 and 2016, 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
May 7, 2018



COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Financial Position

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 596,767	\$ 396,222
Contributions receivable, net	301,087	315,188
Investments	4,543,796	4,771,310
Prepaid expenses and other assets	33,282	35,149
Due from related party	1,520	
Property and equipment, net	11,072	
Website costs, net	<u>137,366</u>	<u>95,642</u>
	<u>\$ 5,624,890</u>	<u>\$ 5,613,511</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 502,514	\$ 339,208
Deferred revenue	11,231	8,650
Due to related party	<u> </u>	<u>69,350</u>
Total liabilities	<u>513,745</u>	<u>417,208</u>
Commitments (Note K)		
Net assets:		
Unrestricted	4,710,713	5,071,303
Temporarily restricted	<u>400,432</u>	<u>125,000</u>
Total net assets	<u>5,111,145</u>	<u>5,196,303</u>
	<u>\$ 5,624,890</u>	<u>\$ 5,613,511</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions	\$ 1,464,189	\$ 510,432	\$ 1,974,621	\$ 1,865,400	\$ 190,000	\$ 2,055,400
Contributed goods and services	641,274		641,274	442,551		442,551
Special events (including in-kind contributed auction items of \$96,890 and \$75,500 for 2017 and 2016, respectively, and net of direct benefits to donors of \$107,350 and \$97,968 in 2017 and 2016, respectively)	591,230		591,230	642,616		642,616
Net investment income	<u>487,803</u>		<u>487,803</u>	<u>176,293</u>		<u>176,293</u>
Total public support and revenue before release of restrictions	3,184,496	510,432	3,694,928	3,126,860	190,000	3,316,860
Net assets released from restrictions	<u>235,000</u>	<u>(235,000)</u>	<u>0</u>	<u>235,000</u>	<u>(235,000)</u>	<u>0</u>
Total public support and revenue	<u>3,419,496</u>	<u>275,432</u>	<u>3,694,928</u>	<u>3,361,860</u>	<u>(45,000)</u>	<u>3,316,860</u>
Expenses:						
Program services	2,171,431		2,171,431	2,564,541		2,564,541
General and administrative	512,178		512,178	420,979		420,979
Fund-raising	<u>1,096,477</u>		<u>1,096,477</u>	<u>363,338</u>		<u>363,338</u>
Total expenses	<u>3,780,086</u>		<u>3,780,086</u>	<u>3,348,858</u>		<u>3,348,858</u>
Change in net assets	(360,590)	275,432	(85,158)	13,002	(45,000)	(31,998)
Net assets, beginning of year	<u>5,071,303</u>	<u>125,000</u>	<u>5,196,303</u>	<u>5,058,301</u>	<u>170,000</u>	<u>5,228,301</u>
Net assets, end of year	<u>\$ 4,710,713</u>	<u>\$ 400,432</u>	<u>\$ 5,111,145</u>	<u>\$ 5,071,303</u>	<u>\$ 125,000</u>	<u>\$ 5,196,303</u>

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Functional Expenses

	Year Ended December 31,							
	2017				2016			
	Program Services - Cancer & Careers	General and Administrative	Fund - Raising	Total	Program Services - Cancer & Career	General and Administrative	Fund-Raising	Total
Salaries and related taxes and benefits	\$ 703,243	\$ 369,811	\$ 694,513	\$ 1,767,567	\$ 685,331	\$ 420,503	\$ 575,933	\$ 1,681,767
Professional fees	54,198	91,394	29,980	175,572	56,498	105,015	21,071	182,584
Office supplies and expense	757	141	233	1,131	639	3,372	183	4,194
Postage and delivery	3,574		579	4,153	2,955		1,863	4,818
Printing and reproduction	52,255	322		52,577	79,803	157	119	80,079
Occupancy	75,335	7,592	33,871	116,798	92,638	6,748	23,313	122,699
Travel and related costs	25,779	2,520	17,083	45,382	24,425	4,353	11,323	40,101
Insurance		14,616		14,616		14,801		14,801
Website maintenance	115,499	10,373	3,861	129,733	97,254	6,948	1,606	105,808
Event expense	11,087		192,738	203,825	9,159		183,238	192,397
Seminars and micro-grants	193,796		1,052	194,848	187,837			187,837
Marketing	787,848	692	74,787	863,327	492,014	392	66,829	559,235
Videos	45,530			45,530	22,042	2,416	5,737	30,195
Information technology	24,214	2,597	12,794	39,605	27,447	3,008	7,144	37,599
Office expenses	8,289	889	4,383	13,561	3,070	336	799	4,206
Miscellaneous expense	49,869	8,790	16,567	75,226	53,446	5,857	13,910	73,213
Depreciation and amortization	20,158	2,441	14,036	36,635	17,420	1,708	8,198	27,326
Total expenses before direct benefit to donors	2,171,431	512,178	1,096,477	3,780,086	1,851,978	575,614	921,266	3,348,858
Direct benefit to donors			107,350	107,350			97,968	97,968
Total expenses	<u>\$ 2,171,431</u>	<u>\$ 512,178</u>	<u>\$1,203,827</u>	<u>\$ 3,887,436</u>	<u>\$ 1,851,978</u>	<u>\$ 575,614</u>	<u>\$1,019,234</u>	<u>\$ 3,446,826</u>

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (85,158)	\$ (31,998)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	36,635	27,326
Net realized and unrealized gains on investments	(425,119)	(110,399)
Bad debt expense	14,435	
Changes in:		
Contributions receivable, net	(334)	31,220
Prepaid expenses and other assets	1,867	602
Due from related party	(1,520)	
Accounts payable and accrued expenses	163,306	(46,862)
Deferred revenue	2,581	(16,350)
Due to related party	(69,350)	12,807
Net cash used in operating activities	<u>(362,657)</u>	<u>(133,654)</u>
Cash flows from investing activities:		
Capitalized website costs	(41,724)	
Purchases of investments	(1,315,763)	(1,443,297)
Proceeds from sales of investments	1,968,396	1,641,826
Purchases of property and equipment	(47,707)	
Net cash provided by investing activities	<u>563,202</u>	<u>198,529</u>
Net increase in cash and cash equivalents	200,545	64,875
Cash and cash equivalents, beginning of year	<u>396,222</u>	<u>331,347</u>
Cash and cash equivalents, end of year	\$ <u>596,767</u>	\$ <u>396,222</u>
Supplemental disclosure of cash flow information:		
Contributed goods and services	\$ 738,164	\$ 518,051

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2017 and 2016

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 and equity and debt securities with readily determinable fair values are reported at their fair values in the statements of financial position at year-end. Realized gains and losses on investments sold and unrealized appreciation or depreciation on investments held, are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is restricted through donor stipulation. 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 costs of acquisitions to the proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned. The investment management fees disclosed in Note B are those specific fees charged by the Foundation's investment manager.

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, 2017 and 2016

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

[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 related assets of furniture and fixtures. 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 the accounts, and any related gain or loss is reflected in income for the period.

[7] Website costs:

Website costs related to data consulting services, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and content 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 each year end, capitalized website costs, net of accumulated amortization were \$137,366 and \$95,642, 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:

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 and are available for current operations.

(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" or the passage of time. 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.

[10] Revenue recognition:

(i) *Contributions:*

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

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2017 and 2016

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

[10] Revenue recognition: (continued)

(ii) Contributed goods and services:

For recognition of donated goods and services in the Foundation's financial statements, such goods or 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 unrestricted support unless the donor has restricted the donated assets to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the statements of activities.

(iii) 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.

(iv) Volunteers:

Additionally, 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 generally accepted accounting principles.

[11] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expense for 2017 and 2016 was approximately \$207,000 and \$140,000, respectively.

[12] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, direct costs have been allocated among program, general and administrative and fundraising, based on the nature of the expense. Indirect costs have been functionalized on the basis of time allocation of the various departments.

[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. 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.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2017 and 2016

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

[14] Upcoming accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Foundation will adopt this new pronouncement in 2018.

[15] Reclassification:

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

[16] Subsequent events:

The Foundation has evaluated subsequent events through May 7, 2018, the date on which the financial statements were available to be issued.

NOTE B - INVESTMENTS

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

	December 31,			
	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 702,786	\$ 702,786	\$ 684,818	\$ 684,818
Certificates of deposit portfolio	150,021	150,000	350,638	350,000
Equity securities	1,508,111	1,014,169	1,935,059	1,482,840
U.S. government bonds	547,061	547,448	504,767	510,140
Corporate bonds	234,321	230,508	220,900	222,590
Mutual funds	<u>1,401,496</u>	<u>1,410,884</u>	<u>1,075,128</u>	<u>1,150,432</u>
	<u>\$ 4,543,796</u>	<u>\$ 4,055,795</u>	<u>\$ 4,771,310</u>	<u>\$ 4,400,820</u>

At December 31, 2017, concentrations of the Foundation's investments in excess of 10% of the fair value of its portfolio included: (i) 33% invested in equity securities; (ii) 31% invested in mutual funds; (iii) 15% in money-market funds and; (iv) 12% invested in U.S. government bonds. At December 31, 2016, concentrations of the Foundation's investments in excess of 10% of the fair value of its portfolio included: (i) 41% invested in equity securities; (ii) 23% invested in mutual funds; (iii) 14% in money-market funds and; (iv) 11% invested in U.S. government bonds.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2017 and 2016

NOTE B - INVESTMENTS (CONTINUED)

For each year-end, net investment income consisted of the following:

	Year Ended December 31,	
	2017	2016
Interest and dividends	\$ 100,924	\$ 110,605
Investment management fees	<u>(38,240)</u>	<u>(44,711)</u>
Interest and dividends, net	<u>62,684</u>	<u>65,894</u>
Net realized gains	307,608	51,762
Net unrealized appreciation	<u>117,511</u>	<u>58,637</u>
Total net realized and unrealized gains/appreciation	<u>425,119</u>	<u>110,399</u>
Total net investment income	<u>\$ 487,803</u>	<u>\$ 176,293</u>

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 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 that 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 2017 and 2016, there were no transfers among the fair-value hierarchy levels.

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,					
	2017			2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market funds	\$ 702,786		\$ 702,786	\$ 684,818		\$ 684,818
Certificates of deposit portfolio		\$ 150,021	150,021		\$ 350,638	350,638
Equity securities	1,508,111		1,508,111	1,935,059		1,935,059
U.S. government bonds		547,061	547,061		504,767	504,767
Corporate bonds		234,321	234,321		220,900	220,900
Mutual funds	<u>1,401,496</u>		<u>1,401,496</u>	<u>1,075,128</u>		<u>1,075,128</u>
	<u>\$ 3,612,393</u>	<u>\$ 931,403</u>	<u>\$ 4,543,796</u>	<u>\$ 3,695,005</u>	<u>\$ 1,076,305</u>	<u>\$ 4,771,310</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2017 and 2016

NOTE C - CONTRIBUTIONS RECEIVABLE

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

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Less than one year	\$ 315,522	\$ 315,188
Less: allowance for doubtful accounts	<u>(14,435)</u>	<u> </u>
	<u>\$ 301,087</u>	<u>\$ 315,188</u>

NOTE D - PROPERTY AND EQUIPMENT

As of December 31, 2017, property and equipment consisted of the following:

Furniture and fixtures	\$ 7,242
Leasehold improvements	<u>5,466</u>
	12,708
Less: accumulated depreciation and amortization	<u>(1,636)</u>
	<u>\$ 11,072</u>

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, auction, 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 \$641,274 and \$442,551 for 2017 and 2016, respectively. Additionally, the Foundation received donated auction items of \$96,890 and \$75,500 at December 31, 2017 and 2016, respectively, in conjunction with one of their special events. These donation proceeds are included in revenue from special events in the accompanying statements of activities.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

At each year-end, temporarily restricted net assets consisted of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Program - Cancer & Careers	\$ 50,000	\$ 25,000
Time-restricted	<u>350,432</u>	<u>100,000</u>
	<u>\$ 400,432</u>	<u>\$ 125,000</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2017 and 2016

NOTE F - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

During each year, net assets released from restrictions consisted of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Program - Cancer & Careers	\$ 25,000	\$ 25,000
Time-restricted	<u>210,000</u>	<u>210,000</u>
	<u>\$ 235,000</u>	<u>\$ 235,000</u>

NOTE G - LINE-OF-CREDIT

The Foundation maintains a line-of-credit with a bank which provides for a maximum credit line of \$3,200,000 at a variable interest rate based on LIBOR plus 1.5%. The line-of-credit is collateralized by a portion of the Foundation's investments which is equivalent to the amount of the draw down. The Foundation had no draw downs on this line during 2017 and 2016.

NOTE H - 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 K[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 \$8,100 per associate, as defined by the Plan. The Foundation's contribution to the plan was \$34,279 and \$35,456 in 2017 and 2016, respectively.

NOTE I - JOINT COSTS

The Foundation incurred costs for materials and activities that included fund-raising appeals. During each year, joint costs were allocated as follows:

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Program	\$ 75,145	\$ 68,578
Fund-raising	<u>32,205</u>	<u>29,390</u>
	<u>\$ 107,350</u>	<u>\$ 97,968</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2017 and 2016

NOTE J - 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 \$244,350 and \$248,965 for 2017 and 2016, 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, 2017 the receivable due from the Organization amounted to \$1,520. At December 31, 2016, the payable due to the Organization amounted to \$69,350. The Organization fully reimbursed the Foundation subsequent to year-end.

NOTE K - COMMITMENTS

[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.

NOTE L - CONCENTRATION OF REVENUE

During 2017 and 2016, approximately 62% and 66%, respectively, of the Foundation's total contributions were provided by one donor.

NOTE M - 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.