

EISNERAMPER

**COSMETIC EXECUTIVE WOMEN
FOUNDATION, LTD.**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

Board of Governors
Cosmetic Executive Women Foundation, Ltd.

Opinion

We have audited the financial statements of the Cosmetic Executive Women Foundation, Ltd. (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cosmetic Executive Women Foundation, Ltd. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
June 1, 2022



COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Financial Position

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,998,004	\$ 1,707,773
Contributions receivable	126,895	67,495
Investments	5,327,664	4,890,208
Prepaid expenses and other assets	24,454	23,025
Property and equipment, net	-	5,807
Website costs, net	<u>28,703</u>	<u>50,677</u>
Total assets	<u>\$ 7,505,720</u>	<u>\$ 6,744,985</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 242,854	\$ 242,352
Grants payable	87,500	-
Paycheck Protection Program loan payable	-	200,956
Special event advances	132,000	-
Due to related party	<u>44,423</u>	<u>72,821</u>
Total liabilities	<u>506,777</u>	<u>516,129</u>
Commitments and other uncertainty (Note K)		
Net Assets:		
Without donor restrictions	<u>6,711,443</u>	<u>6,008,356</u>
With donor restrictions:		
Time-restricted for future periods	<u>287,500</u>	<u>220,500</u>
Total net assets	<u>6,998,943</u>	<u>6,228,856</u>
Total liabilities and net assets	<u>\$ 7,505,720</u>	<u>\$ 6,744,985</u>

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.
Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	\$ 2,636,221	\$ 287,500	\$ 2,923,721	\$ 3,222,114	\$ 220,500	\$ 3,442,614
Contributed services	378,594	-	378,594	370,893	-	370,893
Investment income, net	<u>437,443</u>	<u>-</u>	<u>437,443</u>	<u>493,068</u>	<u>-</u>	<u>493,068</u>
Total public support and revenue before release of restrictions	3,452,258	287,500	3,739,758	4,086,075	220,500	4,306,575
Net assets released from restrictions	<u>220,500</u>	<u>(220,500)</u>	<u>-</u>	<u>334,280</u>	<u>(334,280)</u>	<u>-</u>
Total public support and revenue	<u>3,672,758</u>	<u>67,000</u>	<u>3,739,758</u>	<u>4,420,355</u>	<u>(113,780)</u>	<u>4,306,575</u>
Expenses:						
Program services	<u>2,165,943</u>	<u>-</u>	<u>2,165,943</u>	<u>2,019,358</u>	<u>-</u>	<u>2,019,358</u>
Supporting services:						
General and administrative	414,132	-	414,132	456,094	-	456,094
Fund-raising	<u>586,062</u>	<u>-</u>	<u>586,062</u>	<u>494,465</u>	<u>-</u>	<u>494,465</u>
Total supporting services	<u>1,000,194</u>	<u>-</u>	<u>1,000,194</u>	<u>950,559</u>	<u>-</u>	<u>950,559</u>
Total expenses	<u>3,166,137</u>	<u>-</u>	<u>3,166,137</u>	<u>2,969,917</u>	<u>-</u>	<u>2,969,917</u>
Change in net assets before non-operating activities	506,621	67,000	573,621	1,450,438	(113,780)	1,336,658
Non-operating activities:						
Gain on Paycheck Protection Program loan forgiveness	200,956	-	200,956	-	-	-
Losses on disposal of property and equipment	<u>(4,490)</u>	<u>-</u>	<u>(4,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	703,087	67,000	770,087	1,450,438	(113,780)	1,336,658
Net assets, beginning of year	<u>6,008,356</u>	<u>220,500</u>	<u>6,228,856</u>	<u>4,557,918</u>	<u>334,280</u>	<u>4,892,198</u>
Net assets, end of year	<u>\$ 6,711,443</u>	<u>\$ 287,500</u>	<u>\$ 6,998,943</u>	<u>\$ 6,008,356</u>	<u>\$ 220,500</u>	<u>\$ 6,228,856</u>

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Functional Expenses

	Year Ended December 31,									
	2021					2020				
	Program Services	Supporting Services			Total	Program Services	Supporting Services			Total
Cancer and Careers	General and Administrative	Fund-Raising	Total Supporting Services		Cancer and Careers	General and Administrative	Fund-Raising	Total Supporting Services		
Salaries and related taxes and benefits	\$ 765,754	\$ 320,149	\$ 265,624	\$ 585,773	\$ 1,351,527	\$ 796,895	\$ 353,662	\$ 266,196	\$ 619,858	\$ 1,416,753
Professional fees	70,956	39,415	127,620	167,035	237,991	89,363	48,063	57,545	105,608	194,971
Office supplies and expense	265	71	-	71	336	16	3,585	-	3,585	3,601
Postage and delivery	11,525	-	397	397	11,922	1,201	-	280	280	1,481
Printing and reproduction	34,519	-	-	-	34,519	26,196	245	27	272	26,468
Occupancy	32,149	2,923	11,691	14,614	46,763	58,222	6,241	29,111	35,352	93,574
Travel and related costs	6,266	482	1,371	1,853	8,119	7,633	734	1,500	2,234	9,867
Insurance	-	22,170	-	22,170	22,170	-	18,041	-	18,041	18,041
Website maintenance	143,570	8,523	4,895	13,418	156,988	105,526	9,966	6,092	16,058	121,584
Space rental/catering	2,872	-	-	-	2,872	13,884	-	3,872	3,872	17,756
Seminars and micro-grants	329,508	-	-	-	329,508	343,506	-	-	-	343,506
Marketing	653,660	-	149,060	149,060	802,720	485,442	193	89,006	89,199	574,641
Videos	38,170	-	-	-	38,170	-	-	-	-	-
Information technology	21,649	11,740	6,931	18,671	40,320	20,270	2,047	8,993	11,040	31,310
Miscellaneous expense	32,693	6,745	11,483	18,228	50,921	42,052	10,416	19,302	29,718	71,770
Depreciation and amortization	22,387	1,914	6,990	8,904	31,291	29,152	2,901	12,541	15,442	44,594
Total expenses per the statements of activities	<u>\$2,165,943</u>	<u>\$ 414,132</u>	<u>\$ 586,062</u>	<u>\$ 1,000,194</u>	<u>\$ 3,166,137</u>	<u>\$2,019,358</u>	<u>\$ 456,094</u>	<u>\$ 494,465</u>	<u>\$ 950,559</u>	<u>\$ 2,969,917</u>

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 770,087	\$ 1,336,658
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	31,291	44,594
Losses on disposal of property and equipment	4,490	-
Net realized and unrealized gains on investments	(398,273)	(429,350)
Gain on Paycheck Protection Program loan forgiveness	(200,956)	-
Changes in:		
Contributions receivable	(59,400)	113,691
Due from related party	-	116,339
Prepaid expenses and other assets	(1,429)	19,587
Accounts payable and accrued expenses	502	(363,214)
Grants payable	87,500	-
Special event advances	132,000	(17,500)
Due to related party	<u>(28,398)</u>	<u>72,821</u>
Net cash provided by operating activities	<u>337,414</u>	<u>893,626</u>
Cash flows from investing activities:		
Capitalized website costs	(8,000)	-
Purchases of investments	(1,120,091)	(1,725,691)
Proceeds from sales of investments	<u>1,080,908</u>	<u>1,876,815</u>
Net cash (used in) provided by investing activities	<u>(47,183)</u>	<u>151,124</u>
Cash flows from financing activities:		
Proceeds from line of credit	-	460,000
Repayment of line of credit	-	(460,000)
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>200,956</u>
Net cash provided by financing activities	<u>-</u>	<u>200,956</u>
Net increase in cash and cash equivalents	290,231	1,245,706
Cash and cash equivalents, beginning of year	<u>1,707,773</u>	<u>462,067</u>
Cash and cash equivalents, end of year	<u>\$ 1,998,004</u>	<u>\$ 1,707,773</u>
Supplemental disclosure of cash flow information:		
Contributed services	<u>\$ 378,594</u>	<u>\$ 370,893</u>

See notes to financial statements.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2021 and 2020

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 equity securities, fixed income securities, corporate bonds, 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. The Foundation includes certain money market funds as part of the investment portfolio.

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, 2021 and 2020

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 non-operating activities in the accompanying statements of activities.

[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, 2021 and 2020, capitalized website costs were presented net of accumulated amortization of \$261,802 and \$231,828, respectively.

[8] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. During 2020, the Foundation applied for and received PPP funds.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. During 2020, the Foundation elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470 *Debt*. During the year ending December 31, 2021, the Foundation applied for and received full forgiveness of its loan from the bank and the SBA in the amount of \$200,956. Accordingly, this forgiven amount is reflected as a gain on PPP loan forgiveness on the statements of activities as of December 31, 2021.

[9] Grants payable:

Grants approved but unpaid as of year-end are reported as liabilities in the statements of financial position. There were grants payable of \$87,500 as of December 31, 2021 which were fully paid out during the year ending December 31, 2022. There were no grants payable as of December 31, 2020.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2021 and 2020

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

[10] Special event advances:

From time to time the Foundation receives cash receipts for special events that are to take place subsequent to year end. Since these amounts are refundable and conditional on the event occurring, they are reflected advances and recognized as revenue in the year that the event occurs.

[11] 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.

(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."

[12] 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. Contributions receivable are recognized based on the present value of the estimated future payments to be made to the Foundation. 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. Due to the impact of COVID-19, there were no special events held during 2021 or 2020.

(iii) *Contributed services:*

For recognition of donated services in the Foundation's financial statements, such services must: (i) require a specialized skill, (ii) be provided by individuals possessing these skills, and (iii) typically need to be acquired if not provided by donation. Donated 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 services are reported as both contributions and offsetting expenses in the statements of activities.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2021 and 2020

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

[12] Revenue recognition: (continued)

(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.

[13] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expense for 2021 and 2020 was approximately \$140,000 and \$96,000, respectively.

[14] Functional allocation of expenses:

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

[15] Income taxes:

The Foundation is subject to the provisions of the FASB’s 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.

[16] Measure of operations:

The Foundation includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Non-operating activities include: (i) gain on PPP loan forgiveness; and (ii) losses on disposal of property and equipment.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2021 and 2020

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

[17] Upcoming accounting pronouncement:

In September 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; and (iv) the valuation and techniques and inputs used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is in the process of assessing the impact of this ASU on the financial statements and related note disclosures.

[18] Subsequent events:

The Foundation has evaluated subsequent events through June 1, 2022, 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:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Less than one year	\$ 116,895	\$ 67,495
One to five years	<u>10,000</u>	-
	<u>\$ 126,895</u>	<u>\$ 67,495</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, 2021 and 2020

NOTE C - INVESTMENTS

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

	December 31,			
	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 384,497	\$ 384,497	\$ 270,462	\$ 270,462
Equity securities	1,606,483	993,380	1,700,352	1,109,092
U.S. government bonds	400,359	387,805	356,825	328,020
Corporate bonds	85,467	85,372	98,128	90,294
Mutual funds:				
Fixed-income	2,239,583	2,220,072	2,027,001	1,989,651
Equities	<u>611,275</u>	<u>364,839</u>	<u>437,440</u>	<u>314,721</u>
	<u>\$ 5,327,664</u>	<u>\$ 4,435,965</u>	<u>\$ 4,890,208</u>	<u>\$4,102,240</u>

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

	Year Ended December 31,	
	2021	2020
Interest and dividends	\$ 87,508	\$ 104,275
Investment management fees	<u>(48,338)</u>	<u>(40,557)</u>
	<u>39,170</u>	<u>63,718</u>
Net realized gains	294,542	169,326
Net unrealized gains	<u>103,731</u>	<u>260,024</u>
Total net realized and unrealized gains	<u>398,273</u>	<u>429,350</u>
Total investment income	<u>\$ 437,443</u>	<u>\$ 493,068</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 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.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2021 and 2020

NOTE C - INVESTMENTS (CONTINUED)

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 table 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,					
	2021			2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Equity securities	\$1,606,483	\$ -	\$1,606,483	\$1,700,352	\$ -	\$ 1,700,352
U.S. government bonds	245,323	155,036	400,359	183,956	172,869	356,825
Corporate bonds	-	85,467	85,467	-	98,128	98,128
Mutual funds	2,850,858	-	2,850,858	2,464,441	-	2,464,441
	<u>\$4,702,664</u>	<u>\$ 240,503</u>	<u>\$ 4,943,167</u>	<u>\$4,348,749</u>	<u>\$ 270,997</u>	<u>\$ 4,619,746</u>

Within its investment portfolio, the Foundation also has money-market funds of \$384,497 and \$270,462, respectively, as of December 31, 2021 and 2020.

NOTE D - PROPERTY AND EQUIPMENT

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

	December 31,	
	2021	2020
Furniture and fixtures	\$ -	\$ 7,242
Leasehold improvements	-	5,466
	-	12,708
Less: accumulated depreciation and amortization	-	(6,901)
	<u>\$ -</u>	<u>\$ 5,807</u>

During 2021, the Foundation disposed of property and equipment no longer in use of \$12,708, resulting in a loss on the disposals of \$4,490.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2021 and 2020

NOTE E - CONTRIBUTED SERVICES

The Foundation received contributed services for advertising, media coverage journal, and printing service. Revenue for such contributed services has been recognized, with an equivalent offset to expenses, based on a fair value. At each year-end, the Foundation received donated services as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Donated services:		
Public relations	\$ 19,360	\$ 18,000
Advertising and media coverage	<u>359,234</u>	<u>352,893</u>
Total donated services	<u>\$ 378,594</u>	<u>\$ 370,893</u>

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.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Time-restricted for future periods	<u>\$ 287,500</u>	<u>\$ 220,500</u>
	<u>\$ 287,500</u>	<u>\$ 220,500</u>

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

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Time-restricted for future periods	<u>\$ 220,500</u>	<u>\$ 334,280</u>
	<u>\$ 220,500</u>	<u>\$ 334,280</u>

NOTE G - 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 1.7% and 2.39% in 2021 and 2020, 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 on this line-of-credit during 2021. There was a draw down during 2020 in the amount of \$460,000 which was fully repaid prior to December 31, 2020. Subsequent to year end, the Foundation established a new line of credit under a new bank, and the rate will be calculated using SOFR rate.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2021 and 2020

NOTE H - RETIREMENT PLANS

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

The Foundation participates in the Prestige Employee Administrators Retirement Savings Plan (the "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 \$8,400 per associate, as defined by the Plan. Due to the impact of COVID-19, the Foundation did not make any contributions to the Plan during 2021. The Foundation made contributions to the plan of \$18,016 in 2020.

[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 \$7,800 in both 2021 and 2020, respectively. This plan is administrated and maintained by the Foundation's third-party professional service organization (Note K[1]).

NOTE I - RELATED-PARTY TRANSACTIONS

The Foundation has various activities in common with Cosmetic Executive Women, Inc. (the "Organization"), a Section 501(c)(6) membership organization, the financial statements of which, under 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 \$135,717 and \$204,685 for 2021 and 2020, 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 shared office space located at 159 West 25th Street under an operating lease agreement between the Organization and the landlord which expired in September 2021. At December 31, 2021 and 2020, the payables due to the Organization in each respective year amounted to \$44,423 and \$72,821, respectively.

NOTE J - CONCENTRATION OF REVENUE

During 2021 and 2020, approximately 73% and 77%, respectively, of the Foundation's total contributions were provided by one donor.

NOTE K - COMMITMENTS AND OTHER UNCERTAINTY

[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, 2021 and 2020

NOTE K - COMMITMENTS AND OTHER UNCERTAINTY (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 L - 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.

NOTE M - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets available for general expenditure within one year of the statements of financial position dates, reduced by amounts not available for general use within one year due to donor-imposed restrictions:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,998,004	\$ 1,707,773
Contributions receivable	126,895	67,495
Investments	<u>5,327,664</u>	<u>4,890,208</u>
Total financial assets available within one year	<u>7,452,563</u>	<u>6,665,476</u>
Less:		
Amounts unavailable for general expenditures within one year due to:		
Time-restrictions for future periods	<u>(287,500)</u>	<u>(220,500)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,165,063</u>	<u>\$ 6,444,976</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.