

**EISNERAMPER**

**COSMETIC EXECUTIVE WOMEN  
FOUNDATION, LTD.**

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019



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## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Cosmetic Executive Women Foundation, Ltd.

### Report on the Financial Statements

We have audited the accompanying financial statements of the Cosmetic Executive Women Foundation, Ltd. (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

### *Management's Responsibility for the Financial Statements*

The Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cosmetic Executive Women Foundation, Ltd. as of December 31, 2020 and 2019, 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.



EISNERAMPER LLP  
New York, New York  
November 1, 2021



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# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Statements of Financial Position

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,707,773	\$ 462,067
Contributions receivable, net	67,495	181,186
Due from related party	-	116,339
Investments	4,890,208	4,611,982
Prepaid expenses and other assets	23,025	42,612
Property and equipment, net	5,807	7,563
Website costs, net	<u>50,677</u>	<u>93,515</u>
Total assets	<u>\$ 6,744,985</u>	<u>\$ 5,515,264</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 242,352	\$ 605,566
Paycheck Protection Program loan payable	200,956	-
Deferred revenue	-	17,500
Due to related party	<u>72,821</u>	<u>-</u>
Total liabilities	<u>516,129</u>	<u>623,066</u>
Commitments, contingency and other uncertainty (Note M)		
Net Assets:		
Without donor restrictions	<u>6,008,356</u>	<u>4,557,918</u>
With donor restrictions:		
Time-restricted for future periods	<u>220,500</u>	<u>334,280</u>
Total net assets with donor restrictions	<u>220,500</u>	<u>334,280</u>
Total net assets	<u>6,228,856</u>	<u>4,892,198</u>
Total net assets and liabilities	<u>\$ 6,744,985</u>	<u>\$ 5,515,264</u>

**COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

**Statements of Activities**

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Contributions	\$ 3,222,114	\$ 220,500	\$ 3,442,614	\$ 2,629,441	\$ 273,187	\$ 2,902,628
Contributed goods and services	370,893	-	370,893	373,584	-	373,584
Special events (including in-kind contributed auction items of \$65,000 for 2019, net of direct benefits to donors of \$66,150 in 2019)	-	-	-	481,665	-	481,665
Investment income, net	<u>493,068</u>	<u>-</u>	<u>493,068</u>	<u>702,835</u>	<u>-</u>	<u>702,835</u>
Total public support and revenue before release of restrictions	<u>4,086,075</u>	<u>220,500</u>	<u>4,306,575</u>	4,187,525	273,187	4,460,712
Net assets released from restrictions	<u>334,280</u>	<u>(334,280)</u>	<u>-</u>	<u>251,700</u>	<u>(251,700)</u>	<u>-</u>
Total public support and revenue	<u>4,420,355</u>	<u>(113,780)</u>	<u>4,306,575</u>	<u>4,439,225</u>	<u>21,487</u>	<u>4,460,712</u>
<b>Expenses:</b>						
Program services	<u>2,019,358</u>	<u>-</u>	<u>2,019,358</u>	<u>2,375,003</u>	<u>-</u>	<u>2,375,003</u>
Supporting services:						
General and administrative	456,094	-	456,094	571,461	-	571,461
Fund-raising	<u>494,465</u>	<u>-</u>	<u>494,465</u>	<u>875,913</u>	<u>-</u>	<u>875,913</u>
Total supporting services	<u>950,559</u>	<u>-</u>	<u>950,559</u>	<u>1,447,374</u>	<u>-</u>	<u>1,447,374</u>
Total expenses	<u>2,969,917</u>	<u>-</u>	<u>2,969,917</u>	<u>3,822,377</u>	<u>-</u>	<u>3,822,377</u>
<b>Change in net assets</b>	<b>1,450,438</b>	<b>(113,780)</b>	<b>1,336,658</b>	616,848	21,487	638,335
Net assets, beginning of year	<u>4,557,918</u>	<u>334,280</u>	<u>4,892,198</u>	<u>3,941,070</u>	<u>312,793</u>	<u>4,253,863</u>
<b>Net assets, end of year</b>	<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>

See notes to financial statements.

**COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**  
**Statements of Functional Expenses**

	Year Ended December 31,									
	2020					2019				
	Program Services	Supporting Services			Total	Program Services	Supporting Services			Total
Cancer and Careers	General and Administrative	Fund-Raising	Total Supporting Services	Total	Cancer and Careers	General and Administrative	Fund-Raising	Total Supporting Services	Total	
Salaries and related taxes and benefits	\$ 796,895	\$ 353,662	\$ 266,196	\$ 619,858	\$ 1,416,753	\$ 883,160	\$ 387,933	\$ 424,551	\$ 812,484	\$ 1,695,644
Professional fees	89,363	48,063	57,545	105,608	194,971	115,343	111,916	57,980	169,896	285,239
Office supplies and expense	16	3,585	-	3,585	3,601	749	10,761	19	10,780	11,529
Postage and delivery	1,201	-	280	280	1,481	3,250	-	734	734	3,984
Printing and reproduction	26,196	245	27	272	26,468	45,729	825	82	907	46,636
Occupancy	58,222	6,241	29,111	35,352	93,574	75,938	7,536	32,462	39,998	115,936
Travel and related costs	7,633	734	1,500	2,234	9,867	26,382	828	4,802	5,630	32,012
Insurance	-	18,041	-	18,041	18,041	-	15,670	-	15,670	15,670
Website maintenance	105,526	9,966	6,092	16,058	121,584	134,462	11,698	4,200	15,898	150,360
Space rental/catering	13,884	-	3,872	3,872	17,756	16,085	-	238,856	238,856	254,941
Seminars and micro-grants	343,506	-	-	-	343,506	244,822	-	392	392	245,214
Marketing	485,442	193	89,006	89,199	574,641	663,669	900	125,033	125,933	789,602
Videos	-	-	-	-	-	40,483	-	-	-	40,483
Information technology	20,270	2,047	8,993	11,040	31,310	32,423	3,060	12,425	15,485	47,908
Miscellaneous expense	42,052	10,416	19,302	29,718	71,770	52,831	16,626	25,656	42,282	95,113
Depreciation and amortization	29,152	2,901	12,541	15,442	44,594	39,677	3,708	14,871	18,579	58,256
Total expenses before adjustment for direct benefits to donors	<u>2,019,358</u>	<u>456,094</u>	<u>494,465</u>	<u>950,559</u>	<u>2,969,917</u>	<u>2,375,003</u>	<u>571,461</u>	<u>942,063</u>	<u>1,513,524</u>	<u>3,888,527</u>
Less: direct benefits to donors	-	-	-	-	-	-	-	(66,150)	(66,150)	(66,150)
Total expenses per the statements of activities	<u>\$2,019,358</u>	<u>\$ 456,094</u>	<u>\$ 494,465</u>	<u>\$ 950,559</u>	<u>\$ 2,969,917</u>	<u>\$2,375,003</u>	<u>\$ 571,461</u>	<u>\$ 875,913</u>	<u>\$ 1,447,374</u>	<u>\$ 3,822,377</u>

See notes to financial statements.

# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,336,658	\$ 638,335
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	44,594	58,256
Net realized and unrealized gains on investments	(429,350)	(618,035)
Bad debt expense	-	343
Changes in:		
Contributions receivable	113,691	(31,770)
Due from related party	116,339	(116,339)
Prepaid expenses and other assets	19,587	3,628
Accounts payable and accrued expenses	(363,214)	3,404
Deferred revenue	(17,500)	(8,000)
Due to related party	<u>72,821</u>	<u>(10,261)</u>
Net cash provided by (used in) operating activities	<u>893,626</u>	<u>(80,439)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(1,725,691)	(721,801)
Proceeds from sales of investments	<u>1,876,815</u>	<u>636,854</u>
Net cash provided by (used in) investing activities	<u>151,124</u>	<u>(84,947)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from line of credit	460,000	-
Repayment of line of credit	(460,000)	-
Proceeds from Paycheck Protection Program loan	<u>200,956</u>	<u>-</u>
Net cash provided by financing activities	<u>200,956</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	<b>1,245,706</b>	<b>(165,386)</b>
Cash and cash equivalents, beginning of year	<u>462,067</u>	<u>627,453</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 1,707,773</u></b>	<b><u>\$ 462,067</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Contributed goods and services	<u>\$ 370,893</u>	<u>\$ 438,584</u>
Unrelated business income taxes paid	<u>\$ -</u>	<u>\$ 9,141</u>

See notes to financial statements.

# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Notes to Financial Statements December 31, 2020 and 2019

### NOTE A - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### [1] The Foundation:

The Cosmetic Executive Women Foundation, Ltd. (the "Foundation"), incorporated in 1989 in New York, is a not-for-profit organization that is dedicated to helping women better their lives. In 2001, the Foundation launched "Cancer and Careers" which is dedicated to empowering and educating people with cancer to thrive in their workplace by providing expert advice, interactive tools and educational events. Through a comprehensive website, free publications, career coaching, and a series of support groups and educational seminars for employees with cancer and their healthcare providers and coworkers, Cancer and Careers strives to eliminate fear and uncertainty for working people with cancer.

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

#### [2] Basis of accounting:

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

#### [3] Use of estimates:

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

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

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

#### [5] Investments:

Investments in certificates of deposit, equity securities, fixed income securities, and mutual funds with readily determinable fair values are reported at their fair values in the statements of financial position at year-end based on quoted market prices. During 2020, the Foundation redeemed its full interest in its certificates of deposit.

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, 2020 and 2019**

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

##### **[5] Investments: (continued)**

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

##### **[6] Property and equipment:**

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

Management evaluates the recoverability of the investments in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2020 and 2019, respectively, and, in the opinion of management, there were no impairments. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimates of the recoverability of these assets.

##### **[7] Website costs:**

Website costs related to application development, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and support are expensed as incurred. The Foundation capitalizes website costs that have a cost of \$2,500 or more and a useful life greater than one year. Capitalized costs are amortized over a five-year expected life using the straight-line method. At December 31, 2020 and 2019, capitalized website costs were presented net of accumulated amortization of \$231,828 and \$188,990, 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. The Foundation has elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. The Foundation applied for loan forgiveness and was formally approved by the bank on March 22, 2021 (see Note P).

##### **[9] Deferred revenue:**

Deposits for the non-tax-deductible portion of special event revenue is deferred if received prior to December 31, but applicable to the following year, and recognized in the year that the event occurs.

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2020 and 2019

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

##### [10] 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."

##### [11] 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. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Foundation's management or necessary events have taken place.

(ii) *Special events:*

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

(iii) *Contributed goods and services:*

For recognition of donated services 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 goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the statements of activities.

(iv) *Media placement:*

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

# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Notes to Financial Statements December 31, 2020 and 2019

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

#### [11] Revenue recognition: (continued)

(v) *Volunteers:*

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

#### [12] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expense for 2020 and 2019 was approximately \$96,000 and \$307,000, respectively.

#### [13] 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 rent, depreciation and amortization, which are allocated based on square footage.

#### [14] 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.

#### [15] Adoption of accounting principle:

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 clarified and improved guidance concerning: 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution; and 2) determining whether a contribution received is conditional. ASU 2018-08 should be applied on a modified prospective basis. ASU 2018-08 was effective for annual periods beginning after December 15, 2018 for entities that are resource recipients. Accordingly, the Foundation adopted the resource recipient portion for its year ended December 31, 2019. ASU 2018-08 is effective for annual periods beginning after December 15, 2019 for entities that are resource providers. The Foundation therefore adopted the resource provider portion of this ASU during 2020, and this accounting guidance did not have a material effect on the Foundation's financial statements.

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2020 and 2019

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

##### [16] Upcoming accounting pronouncement:

In September 2020, the FASB issued 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 statements 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; (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.

##### [17] Subsequent events:

The Foundation has evaluated subsequent events through November 1, 2021, 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>2020</u>	<u>2019</u>
Less than one year	\$ 67,495	\$ 181,529
Less: allowance for doubtful accounts	<u>-</u>	<u>(343)</u>
	<u>\$ 67,495</u>	<u>\$ 181,186</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, 2020 and 2019

#### NOTE C - INVESTMENTS

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

	December 31,			
	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 270,462	\$ 270,462	\$ 246,300	\$ 246,300
Certificates of deposit	-	-	200,082	200,082
Equity securities	1,700,352	1,109,092	1,545,164	1,073,547
U.S. government bonds	356,825	328,020	549,536	533,042
Corporate bonds	98,128	90,294	197,356	186,684
Mutual funds:				
Fixed-income	2,027,001	1,989,651	1,577,433	1,613,036
Equities	<u>437,440</u>	<u>314,721</u>	<u>296,111</u>	<u>231,347</u>
	<u>\$ 4,890,208</u>	<u>\$ 4,102,240</u>	<u>\$ 4,611,982</u>	<u>\$4,084,038</u>

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

	Year Ended December 31,	
	2020	2019
Interest and dividends	\$ 104,275	\$ 121,647
Investment management fees	<u>(40,557)</u>	<u>(36,847)</u>
	<u>63,718</u>	<u>84,800</u>
Net realized gains	169,326	70,388
Net unrealized gains	<u>260,024</u>	<u>547,647</u>
Total net realized and unrealized gains	<u>429,350</u>	<u>618,035</u>
Total investment income	<u>\$ 493,068</u>	<u>\$ 702,835</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.

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2020 and 2019

#### NOTE C - INVESTMENTS (CONTINUED)

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

The availability of market data is monitored by the Foundation's management, to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

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

	December 31,					
	2020			2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ 200,082	\$ 200,082
Equity securities	1,700,352	-	1,700,352	1,545,164	-	1,545,164
U.S. government bonds	183,956	172,869	356,825	288,151	261,385	549,536
Corporate bonds	-	98,128	98,128	-	197,356	197,356
Mutual funds	2,464,441	-	2,464,441	1,873,544	-	1,873,544
	<u>\$4,348,749</u>	<u>\$ 270,997</u>	<u>\$ 4,619,746</u>	<u>\$3,706,859</u>	<u>\$ 658,823</u>	<u>\$ 4,365,682</u>

Within its investment portfolio, the Foundation also has money-market funds of \$270,462 and \$246,300, respectively, as of December 31, 2020 and 2019.

#### NOTE D - PROPERTY AND EQUIPMENT

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

	December 31,	
	2020	2019
Furniture and fixtures	\$ 7,242	\$ 7,242
Leasehold improvements	<u>5,466</u>	<u>5,466</u>
	12,708	12,708
Less: accumulated depreciation and amortization	<u>(6,901)</u>	<u>(5,145)</u>
	<u>\$ 5,807</u>	<u>\$ 7,563</u>

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2020 and 2019

#### NOTE E - CONTRIBUTED GOODS AND SERVICES

For several of the Foundation's special events held during the year, the Foundation received contributed goods and services for advertising, media coverage journal, prizes, and printing service. Revenue for such contributed goods and services has been recognized, with an equivalent offset to fund-raising expense for special events, based on a fair value of \$370,893 and \$373,584 for 2020 and 2019, respectively. Additionally, the Foundation received donated auction items of \$65,000 at December 31, 2019, in conjunction with a special event. These donation proceeds are included in revenue from special events in the accompanying statements of activities. The Foundation did not receive any donated auction items at December 31, 2020.

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Donated goods	\$ -	\$ 65,000
Donated services	<u>370,893</u>	<u>373,584</u>
	<u>\$ 370,893</u>	<u>\$ 438,584</u>

#### NOTE F - REVENUE FOR SPECIAL EVENTS

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

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Deferred revenue, beginning of year	\$ 17,500	\$ 25,200
Revenue recognized that was included in deferred revenue at beginning of year	(17,500)	(25,200)
Increase in deferred revenue due to cash received during the period	<u>-</u>	<u>17,500</u>
Deferred revenue, end of year	<u>\$ -</u>	<u>\$ 17,500</u>

#### NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Time-restricted for future periods	<u>\$ 220,500</u>	<u>\$ 334,280</u>
	<u>\$ 220,500</u>	<u>\$ 334,280</u>

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2020 and 2019

#### NOTE G - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	December 31,	
	2020	2019
Time-restricted for future periods	<u>\$ 334,280</u>	<u>\$ 251,700</u>
	<u>\$ 334,280</u>	<u>\$ 251,700</u>

#### NOTE H - BANK LINE-OF-CREDIT

The Foundation maintains a bank line-of-credit which provides for a maximum credit line of \$3,200,000 at a variable interest rate based on LIBOR plus 1.5%, which ranged from 2.39% and 3.29% in 2020 and 2019, 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 was a draw down on March 19, 2020 in the amount of \$460,000 which was fully repaid prior to December 31, 2020. There were no drawdowns during 2019.

#### NOTE I - 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 M[1]). The Plan is covered under Section 401(k) of the code, and covers all eligible employees, whereby the Foundation contributes an amount equal to 3% of an employee's annual compensation, up to a maximum of \$8,400 per associate, as defined by the Plan. The Foundation's contribution to the plan was \$18,016 and \$27,191 in 2020 and 2019, respectively.

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

The Foundation has a 457(b) deferred compensation plan for two key employees. Accruals to this plan amounted to \$7,800 and \$6,650 in 2020 and 2019, respectively. This plan is administrated and maintained by the Foundation's third-party professional service organization (Note M[1]).

#### NOTE J - ALLOCATION OF JOINT COSTS

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

	Year Ended December 31,	
	2020	2019
Cancer and Careers Program	\$ -	\$ 46,305
Fund-raising	<u>-</u>	<u>19,845</u>
	<u>\$ -</u>	<u>\$ 66,150</u>



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

### **Notes to Financial Statements December 31, 2020 and 2019**

#### **NOTE K - RELATED-PARTY TRANSACTIONS**

The Foundation has various activities in common with Cosmetic Executive Women, Inc. (the "Organization"), a Section 501(c)(6) membership organization, the financial statements of which, under U.S. GAAP, do not meet the criteria for consolidation with those of the Foundation. Certain costs for shared general and administrative expenses, as well as shared office space, were allocated by the Organization to the Foundation totaling \$204,685 and \$253,916 for 2020 and 2019, 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 2021. At December 31, 2020, the payable due to the Organization amounted to \$72,821. At December 31, 2019, the receivable due from the Organization amounted to \$116,339 and the amount was fully collected during 2020.

#### **NOTE L - CONCENTRATION OF REVENUE**

During 2020 and 2019, approximately 77% and 78%, respectively, of the Foundation's total contributions were provided by one donor.

#### **NOTE M - COMMITMENTS, CONTINGENCY 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.

##### **[3] COVID-19:**

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

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

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

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2020 and 2019

#### NOTE O - 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 or internal designations.

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,707,773	\$ 462,067
Contribution receivable, net	67,495	181,186
Due from related party	-	116,339
Investments	<u>4,890,208</u>	<u>4,611,982</u>
Total financial assets available within one year	<u>6,665,476</u>	<u>5,371,574</u>
Less:		
Amounts unavailable for general expenditures within one year due to:		
Time-restrictions for future periods	<u>(220,500)</u>	<u>(334,280)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,444,976</u>	<u>\$ 5,037,294</u>

#### Liquidity policy:

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

#### NOTE P - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 20, 2020, the Foundation received \$200,956 in funds from Bank of America and this balance has been reported as a PPP loan payable on the statements of financial position as of December 31, 2020. Neither principal nor interest is due for a deferral period, which ends 10 months after the end of the covered period. This loan may be forgiven subject to bank approval in accordance with SBA guidelines. Any outstanding principal of the loan that is not forgiven under the PPP Loan program at the end of the deferral period will convert to a term loan with an interest rate of 1% payable in equal installments of principal and interest over the remaining period until the loan maturity date. The loan matures on April 20, 2022. The Foundation is in the process of applying for forgiveness. Subsequent to year end, the Foundation's forgiveness application was approved by the SBA. The loan was forgiven in its entirety.