



**COSMETIC EXECUTIVE WOMEN
FOUNDATION, LTD.**

FINANCIAL STATEMENTS

DECEMBER 31, 2013 and 2012

INDEPENDENT AUDITORS' REPORT

Board of Governors of
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, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



New York, New York
June 10, 2014

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Financial Position

	December 31,	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 464,566	\$ 211,152
Investments	4,500,414	4,160,075
Contributions receivable	284,095	246,847
Fixed assets	7,004	49,025
Prepaid expenses and other assets	<u>37,865</u>	<u>26,090</u>
	<u>\$ 5,293,944</u>	<u>\$ 4,693,189</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 97,538	\$ 52,389
Deferred salary	122,125	90,000
Due to related party	<u>115,474</u>	<u>14,311</u>
	<u>335,137</u>	<u>156,700</u>
Net assets:		
Unrestricted	4,688,807	4,245,109
Temporarily restricted	<u>270,000</u>	<u>291,380</u>
	<u>4,958,807</u>	<u>4,536,489</u>
	<u>\$ 5,293,944</u>	<u>\$ 4,693,189</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Activities

	Year Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	\$ 1,451,925	\$ 265,000	\$ 1,716,925	\$ 592,031	\$ 291,380	\$ 883,411
Contributed goods and services	265,650		265,650	165,810		165,810
Special events (net of direct benefits to donors of \$86,262 and \$71,250 in 2013, and 2012, respectively)	431,813		431,813	501,675		501,675
Net investment income	<u>339,194</u>		<u>339,194</u>	<u>332,518</u>		<u>332,518</u>
Total support and revenue before release of restrictions	2,488,582	265,000	2,753,582	1,592,034	291,380	1,883,414
Net assets released from restrictions	<u>286,380</u>	<u>(286,380)</u>		<u>270,000</u>	<u>(270,000)</u>	
Total support and revenue	<u>2,774,962</u>	<u>(21,380)</u>	<u>2,753,582</u>	<u>1,862,034</u>	<u>21,380</u>	<u>1,883,414</u>
Expenses:						
Program services	1,753,473		1,753,473	1,412,354		1,412,354
General and administrative	277,756		277,756	255,498		255,498
Fund-raising	<u>300,035</u>		<u>300,035</u>	<u>286,798</u>		<u>286,798</u>
Total expenses	<u>2,331,264</u>		<u>2,331,264</u>	<u>1,954,650</u>		<u>1,954,650</u>
Change in net assets	443,698	(21,380)	422,318	(92,616)	21,380	(71,236)
Net assets - beginning of year	<u>4,245,109</u>	<u>291,380</u>	<u>4,536,489</u>	<u>4,337,725</u>	<u>270,000</u>	<u>4,607,725</u>
Net assets - end of year	<u>\$ 4,688,807</u>	<u>\$ 270,000</u>	<u>\$ 4,958,807</u>	<u>\$ 4,245,109</u>	<u>\$ 291,380</u>	<u>\$ 4,536,489</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Functional Expenses

	Year Ended December 31,							
	2013				2012			
	Program Expense	General and Administrative	Fund-raising	Total	Program Expense	General and Administrative	Fund-raising	Total
Salaries and related taxes and benefits	\$ 816,221	\$ 93,032	\$ 186,063	\$ 1,095,316	\$ 556,324	\$ 158,273	\$ 187,690	\$ 902,287
Professional fees	33,953	25,587	7,037	66,577	43,741	23,091	18,533	85,365
Office supplies and expense	6,956	856	1,713	9,525	1,743	10,679		12,422
Postage and delivery	1,861	9	1,538	3,408	5,819	482	1,868	8,169
Printing and reproduction	83,161			83,161	86,467		1,894	88,361
Occupancy					14,000	2,000	4,000	20,000
Travel and entertainment	16,794	4,246	7,765	28,805	14,605	1,806	3,700	20,111
Insurance		10,719		10,719		9,651		9,651
Website maintenance	93,826		5,313	99,139	84,256	691	1,383	86,330
Event expense	121,189		3,744	124,933	81,047	10,805	21,041	112,893
Counseling and support groups	128,927			128,927	123,675		1,872	125,547
Marketing	388,788	1,707	49,818	440,313	261,802	13,443	4,561	279,806
Miscellaneous expense	32,382	137,398	28,640	198,420	109,460	20,375	31,852	161,687
Depreciation	29,415	4,202	8,404	42,021	29,415	4,202	8,404	42,021
	<u>\$ 1,753,473</u>	<u>\$ 277,756</u>	<u>\$ 300,035</u>	<u>\$ 2,331,264</u>	<u>\$ 1,412,354</u>	<u>\$ 255,498</u>	<u>\$ 286,798</u>	<u>\$ 1,954,650</u>

See notes to financial statements

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Statements of Cash Flows

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 422,318	\$ (71,236)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	42,021	42,021
Net realized and unrealized gains on investments	(251,576)	(229,860)
Changes in:		
Contributions receivable	(37,248)	(40,074)
Prepaid expenses and other assets	(11,775)	(7,709)
Accounts payable and accrued expenses	45,149	(42,349)
Deferred salary	32,125	23,885
Due to related party	<u>101,163</u>	<u>(160,219)</u>
Net cash provided by (used in) operating activities	<u>342,177</u>	<u>(485,541)</u>
Cash flows from investing activities:		
Purchases of investments	(2,122,323)	(1,451,357)
Proceeds from sales of investments	<u>2,033,560</u>	<u>1,828,581</u>
Net cash (used in) provided by investing activities	<u>(88,763)</u>	<u>377,224</u>
Net change in cash and cash equivalents	253,414	(108,317)
Cash and cash equivalents - January 1	<u>211,152</u>	<u>319,469</u>
Cash and cash equivalents - December 31	\$ <u>464,566</u>	\$ <u>211,152</u>
Supplemental data:		
Donated goods and services	<u>\$ 265,650</u>	<u>\$ 165,810</u>

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2013 and 2012

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] 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. The Foundation currently supports "Cancer and Careers," an online and offline resource for working women with cancer. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is exempt from state and local taxes under comparable laws.

[2] Financial reporting:

(a) Basis of accounting:

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to generally accepted accounting principles applicable to not-for-profit organizations.

(b) Functional allocation of expenses:

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

(c) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(d) Cash and cash equivalents:

The Foundation considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents, except for that portion of cash held as part of the investment portfolio.

(e) Net assets:

The net assets of the Foundation and changes therein are classified and reported as follows:

(i) *Unrestricted:*

Unrestricted net assets represent those resources that are not subject to donor restrictions.

(ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources, the use of which has been restricted by donors for the Foundation's program, "Cancer and Careers." Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor or the passage of time. It is the Foundation's policy to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net asset category.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2013 and 2012

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Investments:

Investments in certificates of deposit and in debt securities are recorded at their costs on the related trade dates or are recorded at their fair values on the dates of gift. Thereafter, investments are reported in the financial statements at their fair values. Investments in mutual funds, primarily consisting of equity funds, are valued at their published fair values as reported by the investment managers. Net investment earnings and net realized and unrealized gains or losses on investments are pooled and disclosed in Note B to these financial statements.

The Foundation's various types of investment securities are subject to interest-rate, market, and credit risks. Due to the level of risk associated with certain investment securities, 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 accompanying financial statements.

[4] Website costs:

Website costs are reported at the cost of creation. Website costs are being depreciated over three years.

[5] Contributions:

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met.

The Foundation reports contributions in the temporarily restricted net asset classification if they are received with donor stipulations or time considerations as to their use. When a donor's restriction is met, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying financial statements.

[6] Income taxes:

The Foundation is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 740-10-05 relating to accounting and reporting for uncertainty in income taxes. Because of the Foundation's general tax-exempt status, ASC Topic 740-10-05 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements.

[7] Fair-value measurements:

In accordance with the provisions of ACS Topic 820-10-05, the Foundation reports a fair-value measurement of all applicable assets and liabilities.

[8] Subsequent events:

The Foundation considers all accounting treatments and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after year-end, through the date of the independent auditors' report.

[9] Reclassification:

Certain prior-year balances have been reclassified for comparative purposes.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2013 and 2012

NOTE B - INVESTMENTS

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

	December 31,			
	2013		2012	
	Fair Value	Cost	Fair Value	Cost
Invested money-market funds	\$ 291,298	\$ 291,298	\$ 109,134	\$ 109,134
Certificates of deposit	647,282	649,000	417,971	420,000
U.S. government bonds	602,614	639,649	1,062,372	1,053,489
Preferred stock	9,412	9,550	11,114	10,835
Equity securities	1,749,831	1,260,746	1,545,790	1,230,015
Mutual funds	<u>1,199,977</u>	<u>1,177,945</u>	<u>1,013,694</u>	<u>903,115</u>
	<u>\$ 4,500,414</u>	<u>\$ 4,028,188</u>	<u>\$ 4,160,075</u>	<u>\$ 3,726,588</u>

At December 31, 2013 and 2012, concentrations of the Foundation's investments in excess of 10% of the fair-value of its portfolio included approximately 14% and 10% invested in certificates of deposits, 13% and 26% invested in U.S. government bonds, 39% and 37% invested in equity securities, and 27% and 24% invested in mutual funds, respectively.

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

	Year Ended December 31,	
	2013	2012
Interest and dividends	\$ 121,179	\$ 136,585
Investment management fees	<u>(33,561)</u>	<u>(33,927)</u>
Interest and dividends, net	<u>87,618</u>	<u>102,658</u>
Net realized gains	212,837	81,477
Net unrealized gains	<u>38,739</u>	<u>148,383</u>
Total net realized and unrealized gains	<u>251,576</u>	<u>229,860</u>
Total investment income	<u>\$ 339,194</u>	<u>\$ 332,518</u>

ASC Topic 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements as follows:

- Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for those investments, or similar investments, at the reporting date.
- Level 2 - Valuations are based on (i) quoted prices for similar assets or liabilities 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 2 assets include those investments that are redeemable at or near the balance-sheet date and for which a model was derived for valuation.
- Level 3 - Fair value is determined based on pricing inputs that are unobservable and includes situations where (i) there is little, if any, market activity for the asset, or (ii) the underlying investments of which cannot be independently valued, or (iii) the asset cannot be immediately redeemed at or near the year-end.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2013 and 2012

NOTE B - INVESTMENTS (CONTINUED)

The following table summarizes the fair values of the Foundation's assets at each year-end, in accordance with the valuation-hierarchy levels:

	December 31,					
	2013			2012		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Invested money-market funds	\$ 291,298		\$ 291,298	\$ 109,134		\$ 109,134
Certificates of deposit		\$ 647,282	647,282		\$ 417,971	417,971
U.S. government bonds		602,614	602,614		1,062,372	1,062,372
Preferred stock	9,412		9,412	11,114		11,114
Equity securities	1,749,831		1,749,831	1,545,790		1,545,790
Mutual funds	1,199,977		1,199,977	1,013,694		1,013,694
Total investments	<u>\$ 3,250,518</u>	<u>\$ 1,249,896</u>	<u>\$ 4,500,414</u>	<u>\$ 2,679,732</u>	<u>\$ 1,480,343</u>	<u>\$ 4,160,075</u>

NOTE C - WEBSITE COSTS

At December 31, 2013 and 2012, original website costs were \$126,063. Depreciation expense for 2013 and 2012 was \$42,021 and \$42,021, respectively.

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions granted to the Foundation, but for which cash had not yet been collected as of year-end, were recorded as contributions receivable. At each year-end, the contributions receivable were due to be collected as follows:

	December 31,	
	2013	2012
Less than one year	\$ 284,095	\$ 216,847
One to five years		30,000
	<u>\$ 284,095</u>	<u>\$ 246,847</u>

Based on prior experience with donors, management expects the receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

During 2013 and 2012, temporarily restricted net assets were restricted for the "Cancer and Careers" program and consisted of \$105,000 and \$291,380, respectively.

At each year-end, net assets released from restrictions resulted from satisfying donor restrictions for the "Cancer and Careers" program of \$286,380 and \$270,000, respectively.

COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

Notes to Financial Statements December 31, 2013 and 2012

NOTE F - RETIREMENT PLAN

In 2005, the Foundation elected to participate in a multiple-employer retirement plan, formed under Section 401(k) of the Internal Revenue Code, which covers all eligible employees. The Foundation contributes an amount equal to 3% of an employee's compensation. The Foundation's contribution to the plan was \$16,300 and \$14,252 in 2013 and 2012, respectively.

NOTE G - JOINT COSTS

For 2013 and 2012, the Foundation incurred pre-allocation costs of \$86,262 and \$71,250, respectively, for materials and activities that included fund-raising appeals. Of these costs, \$77,636 and \$64,125, respectively, was allocated to program services expenses, and \$8,626 and \$7,125, respectively, was allocated to fund-raising expenses.

NOTE H - IN-KIND CONTRIBUTIONS

[1] Special events:

The Foundation received contributed goods and services, such as advertising, media coverage, journals, auction prizes and printing services, for several of its special events held during the year. Revenues for such contributed goods and services have been recognized, with an equivalent offset to fund-raising expense for special events, based on a fair value of \$265,650 and \$165,810 for 2013 and 2012, respectively.

[2] Public service announcements:

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

NOTE I - RELATED-PARTY TRANSACTIONS

The Foundation has various activities in common with Cosmetic Executive Women, Inc. (the "Organization"), and various general and administrative expenses are shared by the two entities, the financial statements of which, under generally accepted accounting principles, are not consolidated. Accordingly, during 2013 and 2012, shared general and administrative expenses of \$130,000 and \$100,000, respectively, were allocated by the Organization to the Foundation, as the Organization pays expenses on the behalf of the Foundation. At the end of December 31, 2013 and 2012, the amounts due to the Organization were \$115,474 and \$14,311, respectively.

NOTE J - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balance at a major financial institution in New York City in amounts which, at times, may be in excess of federally insured limits. Management believes that the Foundation faces no significant risk of loss relating to a failure of this financial institution.