



**COSMETIC EXECUTIVE WOMEN  
FOUNDATION, LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 and 2015**

## **INDEPENDENT AUDITORS' REPORT**

Board of Governors  
Cosmetic Executive Women Foundation, Ltd.  
New York, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Cosmetic Executive Women Foundation, Ltd. (the "Foundation"), which comprise the statements of financial position as of December 31, 2016 and 2015, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

#### ***Auditors' Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cosmetic Executive Women Foundation, Ltd. as of December 31, 2016 and 2015, 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  
May 15, 2017

# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Statements of Financial Position

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 396,222	\$ 331,347
Investments	4,771,310	4,859,440
Contributions receivable	315,188	346,408
Prepaid expenses and other assets	35,149	35,751
Website costs, net	<u>95,642</u>	<u>122,968</u>
	<u>\$ 5,613,511</u>	<u>\$ 5,695,914</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 339,208	\$ 386,070
Deferred revenue	8,650	25,000
Due to related party	<u>69,350</u>	<u>56,543</u>
	<u>417,208</u>	<u>467,613</u>
Commitments (Note I)		
Net assets:		
Unrestricted	5,071,303	5,058,301
Temporarily restricted	<u>125,000</u>	<u>170,000</u>
	<u>5,196,303</u>	<u>5,228,301</u>
	<u>\$ 5,613,511</u>	<u>\$ 5,695,914</u>

**COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

**Statements of Activities**

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenue:</b>						
Contributions	\$ 1,865,400	\$ 190,000	\$ 2,055,400	\$ 1,974,958	\$ 215,000	\$ 2,189,958
Contributed goods and services	442,551		442,551	322,142		322,142
Special events (including in-kind contributed auction items of \$75,500 and \$60,000 for 2016 and 2015, respectively, and net of direct benefits to donors of \$97,968 and \$121,193 in 2016 and 2015, respectively)	642,616		642,616	546,259		546,259
Net investment income (losses)	176,293		176,293	(27,801)		(27,801)
Total public support and revenue before release of restrictions	3,126,860	190,000	3,316,860	2,815,558	215,000	3,030,558
Net assets released from restrictions	235,000	(235,000)	0	260,000	(260,000)	0
Total public support and revenue	3,361,860	(45,000)	3,316,860	3,075,558	(45,000)	3,030,558
<b>Expenses:</b>						
Program services	2,564,541		2,564,541	2,377,297		2,377,297
General and administrative	420,979		420,979	333,873		333,873
Fund-raising	363,338		363,338	359,792		359,792
Total expenses	3,348,858		3,348,858	3,070,962		3,070,962
<b>Change in net assets</b>	13,002	(45,000)	(31,998)	4,596	(45,000)	(40,404)
Net assets - beginning of year	5,058,301	170,000	5,228,301	5,053,705	215,000	5,268,705
<b>Net assets - end of year</b>	<b>\$ 5,071,303</b>	<b>\$ 125,000</b>	<b>\$ 5,196,303</b>	<b>\$ 5,058,301</b>	<b>\$ 170,000</b>	<b>\$ 5,228,301</b>

See notes to financial statements.

**COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

**Statements of Functional Expenses**

	Year Ended December 31,							
	2016				2015			
	Program Expense	General and Administrative	Fund- Raising	Total	Program Expense	General and Administrative	Fund- Raising	Total
Salaries and related taxes and benefits	\$ 1,261,326	\$ 134,541	\$ 285,901	\$ 1,681,768	\$ 1,101,795	\$ 117,525	\$ 249,740	\$ 1,469,060
Professional fees	27,867	153,924	793	182,584	24,359	77,409	2,074	103,842
Office supplies and expense	3,027	389	778	4,194	7,121	27,176	287	34,584
Postage and delivery	2,955		1,863	4,818	3,678		2,136	5,814
Printing and reproduction	79,803	157	119	80,079	41,483	371		41,854
Occupancy	92,025	9,816	20,859	122,700	107,030	11,416	24,260	142,706
Travel and related costs	28,847	4,353	6,901	40,101	24,219	4,465	604	29,288
Insurance		14,801		14,801		13,706		13,706
Website maintenance	105,807			105,807	99,176		588	99,764
Event expense	187,190		5,190	192,380	144,871		4,050	148,921
Seminars and micro-grants	187,837			187,837	178,244			178,244
Marketing	525,012		34,221	559,233	506,108	272	63,366	569,746
Strategic plan			5,075	5,075	91,787	1,308	7,424	100,519
Videos	30,194			30,194	33,198			33,198
Information technology		37,599		37,599		32,174		32,174
Office expenses		4,206		4,206				
Miscellaneous expense	5,325	61,193	1,638	68,156	565	48,051	5,263	53,879
Amortization	27,326			27,326	13,663			13,663
	<b><u>\$ 2,564,541</u></b>	<b><u>\$ 420,979</u></b>	<b><u>\$ 363,338</u></b>	<b><u>\$ 3,348,858</u></b>	<b><u>\$ 2,377,297</u></b>	<b><u>\$ 333,873</u></b>	<b><u>\$ 359,792</u></b>	<b><u>\$ 3,070,962</u></b>

See notes to financial statements.

# COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

## Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (31,998)	\$ (40,404)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization	27,326	13,663
Net realized and unrealized (gains) losses on investments	(110,399)	111,148
Bad debt expense		1,750
Changes in:		
Contributions receivable	31,220	(105,993)
Prepaid expenses and other assets	602	6,317
Accounts payable and accrued expenses	(30,762)	54,725
Deferred revenue	(16,350)	20,000
Deferred salary payable	(16,100)	74,906
Due to related party	12,807	(292,890)
Net cash used in operating activities	<u>(133,654)</u>	<u>(156,778)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	1,641,826	1,366,606
Purchases of investments	(1,443,297)	(1,452,705)
Purchases of property and equipment		(136,631)
Net cash provided by (used in) investing activities	<u>198,529</u>	<u>(222,730)</u>
<b>Net change in cash and cash equivalents</b>	<b>64,875</b>	<b>(379,508)</b>
Cash and cash equivalents - January 1	<u>331,347</u>	<u>710,855</u>
<b>Cash and cash equivalents - December 31</b>	<b>\$ <u>396,222</u></b>	<b>\$ <u>331,347</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Contributed goods and services	<u>\$ 518,051</u>	<u>\$ 382,142</u>

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

### **Notes to Financial Statements December 31, 2016 and 2015**

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

##### **[1] The Foundation:**

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

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

##### **[2] Basis of accounting:**

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

##### **[3] Use of estimates:**

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

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

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

##### **[5] Investments:**

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

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisitions to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned. The investment management fees disclosed in Note B are those specific fees charged by the Foundation's investment manager.

##### **[6] Website costs:**

Website costs related to data consulting services, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and content are expensed as incurred. The Foundation capitalizes website costs that have a cost of \$2,500 or more and a useful life greater than one year. Capitalized costs are amortized over a five-year expected life using the straight-line method. At each year end, capitalized website costs, net of accumulated amortization was \$95,642 and \$122,968, respectively.

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2016 and 2015

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

##### [7] Deferred revenue:

Deposits for special events received prior to December 31, but applicable to the following year, are deferred and recognized in the year that the event occurs.

##### [8] Net assets:

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

###### (i) Unrestricted:

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations.

###### (ii) Temporarily restricted:

Temporarily restricted net assets represent those resources, the use of which has been restricted by donors for the Foundation's program, "Cancer and Careers." 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.

##### [9] Revenue recognition:

###### *Contributions:*

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

###### *Contributed goods and services:*

For recognition of donated goods and services in the Foundation's financial statements, such goods or services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the accompanying statements of activities.

For several of the Foundation's special events held during the year, the Foundation received contributed goods and services for advertising, media coverage journal, auction, prizes, and printing service. Revenue for such contributed goods and services has been recognized, with an equivalent offset to fund-raising expense for special events, based on a fair value of \$442,551 and \$322,142 for 2016 and 2015, respectively. Additionally, the Foundation received donated auction items of \$75,500 and \$60,000 at December 31, 2016 and 2015, respectively, in conjunction with one of their special events. These donation proceeds are included in revenue from special events in the accompanying statements of activities.



## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2016 and 2015

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

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

###### *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 accompanying financial statements.

###### *Other:*

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

##### [10] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expense for 2016 and 2015 was approximately \$104,000 and \$177,000, respectively.

##### [11] Functional allocation of expenses:

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

##### [12] Income taxes:

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

##### [13] Recent accounting pronouncement:

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

##### [14] Reclassification:

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

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2016 and 2015

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

##### [15] Subsequent events:

The Foundation considers the 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 December 31, 2016 through May 15, 2017, the date on which the financial statements were available to be issued.

#### NOTE B - INVESTMENTS

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

	December 31,			
	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 684,818	\$ 684,818	\$ 629,055	\$ 629,055
Certificates of deposit portfolio	350,638	350,000	520,158	524,000
Equity securities	1,935,059	1,482,840	1,853,889	1,409,319
Preferred stock			5,040	4,844
U.S. government bonds	504,767	510,140	499,848	501,787
Corporate bonds	220,900	222,590	225,057	230,043
Mutual funds	<u>1,075,128</u>	<u>1,150,432</u>	<u>1,126,393</u>	<u>1,248,539</u>
	<u>\$ 4,771,310</u>	<u>\$ 4,400,820</u>	<u>\$ 4,859,440</u>	<u>\$ 4,547,587</u>

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

	Year Ended December 31,	
	2016	2015
Interest and dividends	\$ 110,605	\$ 123,738
Investment management fees	<u>(44,711)</u>	<u>(40,391)</u>
Interest and dividends, net	<u>65,894</u>	<u>83,347</u>
Net realized gains	51,762	104,493
Net unrealized gains (losses)	<u>58,637</u>	<u>(215,641)</u>
Total net realized and unrealized gains (losses)	<u>110,399</u>	<u>(111,148)</u>
	<u>\$ 176,293</u>	<u>\$ (27,801)</u>

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2016 and 2015

#### NOTE B - INVESTMENTS (CONTINUED)

FASB's ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2 - Valuations are based on (i) quoted prices for similar investments, in active markets, or (ii) quoted prices for those or similar investments, in markets that are not active or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

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

The availability of market data is monitored to assess the appropriate classification of finance instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2016 and 2015, there were no transfers among the fair-value hierarchy levels.

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

	December 31,					
	2016			2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market funds	\$ 684,818		\$ 684,818	\$ 629,055		\$ 629,055
Certificates of deposit portfolio		\$ 350,638	350,638		\$ 520,158	520,158
Equity securities	1,935,059		1,935,059	1,853,889		1,853,889
Preferred stock				5,040		5,040
U.S. government bonds		504,767	504,767		499,848	499,848
Corporate bonds		220,900	220,900		225,057	225,057
Mutual funds	<u>1,075,128</u>		<u>1,075,128</u>	<u>1,126,393</u>		<u>1,126,393</u>
Total investments	<u>\$3,695,005</u>	<u>\$1,076,305</u>	<u>\$ 4,771,310</u>	<u>\$3,614,377</u>	<u>\$1,245,063</u>	<u>\$4,859,440</u>

At December 31, 2016, concentrations of the Foundation's investments in excess of 10% of the fair value of its portfolio included; (i) 41% invested in equity securities; (ii) 23% invested in mutual funds; (iii) 14% in money-market funds and; (iv) 11% invested in U.S. government bonds. At December 31, 2015, concentrations of the Foundation's investments in excess of 10% of the fair value of its portfolio included; (i) 38% invested in equity securities; (ii) 23% invested in mutual funds; (iii) 13% in money-market funds and; (iv) 11% invested in certificates of deposits.

## COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.

### Notes to Financial Statements December 31, 2016 and 2015

#### NOTE C - CONTRIBUTIONS RECEIVABLE

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

	December 31,	
	2016	2015
Less than one year	\$ 315,188	\$ 326,408
One to five years		20,000
Total	<u>\$ 315,188</u>	<u>\$ 346,408</u>

The Foundation periodically assesses the collectability of its contributions receivable and provides allowances for anticipated losses, if any, when necessary, and accordingly these receivables are expected to be fully received.

#### NOTE D - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, temporarily restricted net assets were restricted for the "Cancer and Careers" program and amounted to \$125,000 and \$170,000, respectively. During 2016 and 2015, net assets released from restrictions for the "Cancer and Careers" program were \$235,000 and \$260,000, respectively.

#### NOTE E - LINE-OF-CREDIT

The Foundation has a line-of-credit with a bank which provides for a maximum credit line of \$3,200,000 at a variable interest rate based on LIBOR plus 1.5%. The line-of-credit is collateralized by a portion of the Foundation's investments, which had a fair-value of \$3,166,575 and \$3,209,586 at December 31, 2016 and 2015, respectively. The Foundation had no draw downs on this line during 2016 and 2015.

#### NOTE F - RETIREMENT PLAN

The Foundation participates in a multiple-employer retirement plan, covered under Section 413(c) of the Internal Revenue Code, which covers all eligible employees, whereby the Foundation contributes an amount equal to 3% of an employee's annual compensation, up to a maximum of \$7,950 per associate, as defined by the Plan. The Foundation's contribution to the plan was \$35,456 and \$31,164 in 2016 and 2015, respectively.

#### NOTE G - JOINT COSTS

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

	Year Ended December 31,	
	2016	2015
Program	\$ 88,171	\$ 109,074
Fund-raising	<u>9,797</u>	<u>12,119</u>
	<u>\$ 97,968</u>	<u>\$ 121,193</u>

**COSMETIC EXECUTIVE WOMEN FOUNDATION, LTD.**

**Notes to Financial Statements  
December 31, 2016 and 2015**

**NOTE H - RELATED-PARTY TRANSACTIONS**

The Foundation has various activities in common with Cosmetic Executive Women, Inc. (the "Organization"), a Section 501(c)(6) membership organization, the financial statements of which, under generally accepted accounting principles, do not meet the criteria for consolidation with those of the Foundation. Certain costs for shared general and administrative expenses, as well as shared office space, were allocated by the Organization to the Foundation totaling \$248,965 and \$230,237 for 2016 and 2015, respectively. The Organization and Foundation share office space located at 159 West 25th Street under an operating lease agreement between the Organization and the landlord which expires in September 2024. Additionally, the Organization pays certain of the Foundation's expenses, which are reimbursed by the Foundation. At December 31, 2016 and 2015, the amounts due to the Organization were \$69,350 and \$56,543, respectively. The Foundation fully reimbursed the Organization subsequent to year-end.

**NOTE I - COMMITMENTS**

**[1] Payroll:**

The Foundation leases its employees from a third-party, professional-service organization, under an agreement which automatically renews on an annual basis, unless terminated with notice by either party.

**[2] Other contracts:**

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

**NOTE J - CONCENTRATION OF REVENUE**

During 2016 and 2015, approximately 66% and 61%, respectively, of the Foundation's total contributions were provided by one donor.

**NOTE K - PROGRAM AND SUPPORTING SERVICES EXPENSES**

During each year, expenses were allocated among program and supporting services as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Program	<b>\$ 2,564,541</b>	\$ 2,377,297
General and administrative	<b>509,150</b>	442,947
Fund-raising	<b>373,135</b>	371,911
	<b><u>\$ 3,446,826</u></b>	<b><u>\$ 3,192,155</u></b>

The above expenses are inclusive of expenses that have been reported net of revenue in the accompanying statements of activities. The direct benefit to donors of \$97,968 and \$121,193 are reported as general and administrative, and fund-raising expenses for the years 2016 and 2015, respectively.

**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.