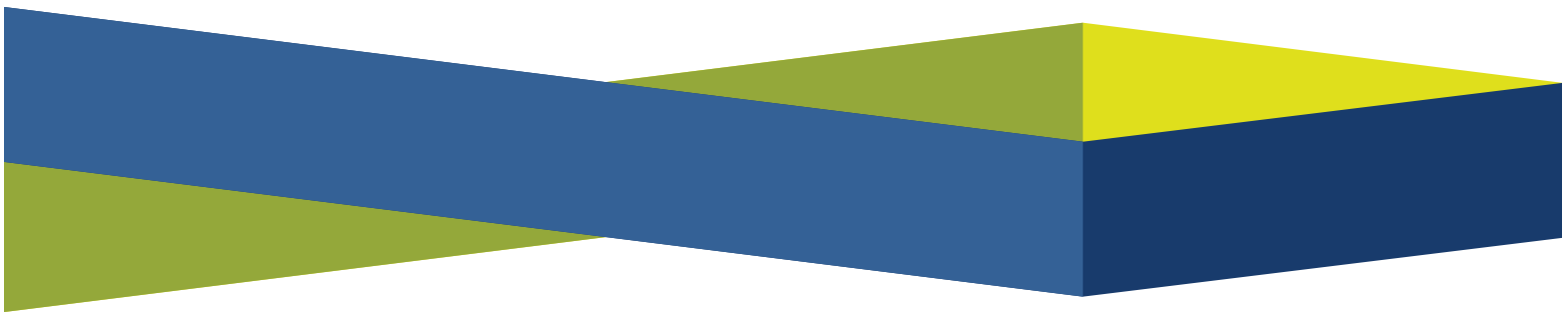


CENTER FOR WOMEN & ENTERPRISE, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2019 AND 2018



CENTER FOR WOMEN & ENTERPRISE, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2019 AND 2018

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Independent Auditor's Report

To the Board of Directors
Center for Women & Enterprise, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Women & Enterprise, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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

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 audit 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 auditors consider internal control relevant to the organization'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 organization'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 Center for Women & Enterprise, Inc. as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Center for Women & Enterprise, Inc. adopted Accounting Standards Codification 606, Revenue from Contracts with Customers and Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions, each made effective January 1, 2019. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the consolidated financial statements, a national emergency was declared in March 2020 by the President of the United States of America as it relates to the coronavirus (“COVID-19”) pandemic. The duration and impact of the COVID-19 pandemic and ultimate disruption to Center for Women & Enterprise, Inc. operations is uncertain and cannot be predicted at this time. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Di Ciccio, Shelman & Company LLP

Boston, Massachusetts
September 25, 2020

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF FINANCIAL POSITION

December 31,	2019	2018
ASSETS		
Current assets:		
Cash	\$ 255,519	\$ 412,346
Restricted cash	-	21,651
Accounts receivable, government grants	160,711	297,884
Pledges receivable, current portion	231,139	325,569
Microloans receivable, net, current portion	643	41,203
Prepaid expenses and other current assets	21,700	21,684
Total current assets	669,712	1,120,337
Equipment and improvements, net	94,026	131,004
Other assets:		
Pledges receivable, net of current portion	5,500	170,500
Microloans receivable, net of current portion	1,434	84,674
Deposits	58,449	37,197
Total assets	\$ 829,121	\$ 1,543,712
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ 300,000	\$ 674,338
Note payable, bank, current portion	22,998	15,214
Notes payable, related parties	-	150,000
Accounts payable and accrued expenses	306,621	294,822
Deferred revenue	6,000	7,500
Total current liabilities	635,619	1,141,874
Long-term liabilities:		
Note payable, bank, net of current portion	262,671	-
Deferred rent	3,269	19,887
Note payable, other	-	150,000
Total liabilities	901,559	1,311,761
Commitments and contingencies		
Net assets:		
Without donor restrictions (deficit)	(335,438)	(351,070)
With donor restrictions	263,000	583,021
Total net assets (deficit)	(72,438)	231,951
Total liabilities and net assets	\$ 829,121	\$ 1,543,712

The accompanying notes are an integral part of the financial statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Program revenue:						
Government contracts and grants	\$ 1,307,777	\$ -	\$ 1,307,777	\$ 1,335,498	\$ -	\$ 1,335,498
Program services	392,951	-	392,951	378,282	-	378,282
Net program revenue	<u>1,700,728</u>	<u>-</u>	<u>1,700,728</u>	<u>1,713,780</u>	<u>-</u>	<u>1,713,780</u>
Other support and revenue:						
Foundation grants	301,100	151,000	452,100	232,224	183,000	415,224
Corporate gifts and sponsorships	257,506	19,000	276,506	306,542	21,500	328,042
Individual gifts and contributions	93,501	-	93,501	114,240	118,436	232,676
Donated goods and services	54,099	-	54,099	132,229	-	132,229
Fundraising and special events	232,829	22,500	255,329	238,894	79,500	318,394
Total other support and revenue	<u>939,035</u>	<u>192,500</u>	<u>1,131,535</u>	<u>1,024,129</u>	<u>402,436</u>	<u>1,426,565</u>
Net assets released from restriction	<u>512,521</u>	<u>(512,521)</u>	<u>-</u>	<u>496,611</u>	<u>(496,611)</u>	<u>-</u>
Total support and revenue	<u>3,152,284</u>	<u>(320,021)</u>	<u>2,832,263</u>	<u>3,234,520</u>	<u>(94,175)</u>	<u>3,140,345</u>
Functional expenses:						
Program services	2,302,044	-	2,302,044	2,404,692	-	2,404,692
Management and general	382,534	-	382,534	294,038	-	294,038
Fundraising	452,074	-	452,074	575,991	-	575,991
Total functional expenses	<u>3,136,652</u>	<u>-</u>	<u>3,136,652</u>	<u>3,274,721</u>	<u>-</u>	<u>3,274,721</u>
Change in net assets	15,632	(320,021)	(304,389)	(40,201)	(94,175)	(134,376)
Net assets (deficit), beginning of year	<u>(351,070)</u>	<u>583,021</u>	<u>231,951</u>	<u>(310,869)</u>	<u>677,196</u>	<u>366,327</u>
Net assets (deficit), end of year	<u><u>\$ (335,438)</u></u>	<u><u>\$ 263,000</u></u>	<u><u>\$ (72,438)</u></u>	<u><u>\$ (351,070)</u></u>	<u><u>\$ 583,021</u></u>	<u><u>\$ 231,951</u></u>

The accompanying notes are an integral part of the financial statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019						2018					
	Program Services			Support Services			Program Services			Support Services		
	Education Programs	Certifications	Total Program Services	Management and General	Fundraising	Total	Education Programs	Certifications	Total Program Services	Management and General	Fundraising	Total
Personnel:												
Salaries and wages	\$ 940,830	\$ 217,734	\$1,158,564	\$ 163,920	\$ 243,180	\$ 1,565,664	\$ 929,983	\$ 177,317	\$ 1,107,300	\$ 185,626	\$ 285,094	\$ 1,578,020
Payroll taxes and benefits	164,452	34,299	198,751	40,945	59,870	299,566	164,580	32,975	197,555	29,882	59,908	287,345
Total personnel	<u>1,105,282</u>	<u>252,033</u>	<u>1,357,315</u>	<u>204,865</u>	<u>303,050</u>	<u>1,865,230</u>	<u>1,094,563</u>	<u>210,292</u>	<u>1,304,855</u>	<u>215,508</u>	<u>345,002</u>	<u>1,865,365</u>
Occupancy:												
Rent and utilities	<u>283,068</u>	<u>42,885</u>	<u>325,953</u>	<u>30,049</u>	<u>34,922</u>	<u>390,924</u>	<u>295,176</u>	<u>39,701</u>	<u>334,877</u>	<u>19,852</u>	<u>19,851</u>	<u>374,580</u>
Other:												
Consultants and professional fees	50,560	4,549	55,109	85,218	-	140,327	47,905	3,703	51,608	9,416	47,090	108,114
Credit card and bank charges	1,126	8,763	9,889	3,796	1,502	15,187	1,359	9,486	10,845	3,198	7,680	21,723
Depreciation and amortization	33,943	5,657	39,600	4,401	-	44,001	36,624	6,139	42,763	4,775	-	47,538
Dues and publications	4,751	-	4,751	225	330	5,306	7,412	-	7,412	1,260	1,135	9,807
Equipment rental and maintenance	24,470	-	24,470	4,983	-	29,453	28,068	-	28,068	339	-	28,407
Fundraising and special events	320	32,034	32,354	-	100,662	133,016	1,803	29,117	30,920	36	113,331	144,287
General and liability insurance	7,973	1,329	9,302	1,681	-	10,983	7,967	1,327	9,294	553	-	9,847
Instructor fees and program consultants	185,788	-	185,788	-	-	185,788	293,380	-	293,380	-	-	293,380
Interest expense	30,672	5,112	35,784	3,977	-	39,761	29,544	4,924	34,468	3,831	-	38,299
Marketing and public relations	10,287	3,368	13,655	3,486	544	17,685	8,750	220	8,970	1,172	533	10,675
Office supplies and expenses	18,425	1,354	19,779	16,760	369	36,908	24,758	5,994	30,752	11,156	650	42,558
Postage	847	4	851	559	1,304	2,714	2,115	72	2,187	1,112	1,971	5,270
Program and course materials	16,187	-	16,187	-	-	16,187	16,151	3,468	19,619	-	-	19,619
Program events	25,961	480	26,441	389	-	26,830	21,432	-	21,432	492	-	21,924
Provision for doubtful accounts	21,500	-	21,500	-	-	21,500	32,003	10,500	42,503	-	22,400	64,903
Software maintenance contracts	38,830	1,451	40,281	9,586	5,151	55,018	38,179	-	38,179	4,828	3,672	46,679
Telecommunications expense	18,009	1,292	19,301	2,585	1,292	23,178	17,128	1,160	18,288	2,320	1,160	21,768
Training and development	3,210	535	3,745	1,162	864	5,771	3,856	-	3,856	3,485	2,439	9,780
Travel, meals, and lodging	48,592	11,397	59,989	8,812	2,084	70,885	57,241	13,175	70,416	10,705	9,077	90,198
Total other expenses	<u>541,451</u>	<u>77,325</u>	<u>618,776</u>	<u>147,620</u>	<u>114,102</u>	<u>880,498</u>	<u>675,675</u>	<u>89,285</u>	<u>764,960</u>	<u>58,678</u>	<u>211,138</u>	<u>1,034,776</u>
Total functional expenses	<u>\$ 1,929,801</u>	<u>\$ 372,243</u>	<u>\$2,302,044</u>	<u>\$ 382,534</u>	<u>\$ 452,074</u>	<u>\$ 3,136,652</u>	<u>\$ 2,065,414</u>	<u>\$ 339,278</u>	<u>\$ 2,404,692</u>	<u>\$ 294,038</u>	<u>\$ 575,991</u>	<u>\$ 3,274,721</u>

The accompanying notes are an integral part of the financial statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31,	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (304,389)	\$ (134,376)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,001	47,538
Provision for doubtful accounts	21,500	860
Deferred rent	(16,618)	(4,953)
Changes in operating assets and liabilities:		
Restricted cash		
Accounts receivable, government grants	137,173	(36,960)
Pledges receivable	237,930	301,378
Microloans receivable, net	123,800	(11,829)
Prepaid expenses and other current assets	(16)	(863)
Accounts payable and accrued expenses	11,799	42,463
Deferred revenue	(1,500)	7,500
Total adjustments	<u>558,069</u>	<u>345,134</u>
Net cash provided by operating activities	<u>253,680</u>	<u>210,758</u>
Cash flows from investing activities:		
Purchases of equipment and improvements	(7,023)	(33,590)
Deposits	(21,252)	-
Net cash used in investing activities	<u>(28,275)</u>	<u>(33,590)</u>
Cash flows from financing activities:		
(Repayments) advances on line of credit, net	(374,338)	74,700
Advances on note payable, bank	300,000	-
Repayments on note payable, bank	(29,545)	(21,264)
Advances from notes payable, related parties	90,000	350,000
Repayments on notes payable, related parties	(240,000)	(200,000)
Repayments on note payable, other	(150,000)	37,500
Net cash (used in) provided by financing activities	<u>(403,883)</u>	<u>240,936</u>
Net (decrease) increase in cash and restricted cash	<u>(178,478)</u>	<u>418,104</u>
Cash and restricted cash, beginning of year	<u>433,997</u>	<u>15,893</u>
Cash and restricted cash, end of year	<u>\$ 255,519</u>	<u>\$ 433,997</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 39,761</u>	<u>\$ 38,299</u>

The accompanying notes are an integral part of the financial statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Description of Business

Center for Women & Enterprise, Inc. (“CWE” or the “Organization”), a nonprofit organization, was formed on January 1, 1995, under the laws of the Commonwealth of Massachusetts. The mission of CWE is to provide opportunities for women entrepreneurs and women in business to increase professional success, personal growth, and financial independence. CWE achieves this mission by providing education, training, technical assistance, access to markets, and paths to funding to entrepreneurs at every stage of business development. In partnership with the U.S. Small Business Administration, CWE operates the SBA Women Business Centers of Central MA, Eastern MA, New Hampshire, Rhode Island, and Vermont, as well as the Veterans Business Outreach Center of New England.

CWE’s constituents are in all phases of business development and industry sectors and range from disadvantaged women, military veterans and active duty members. The constituents are engaged in activities ranging from home-based businesses to fast growth companies seeking equity financing.

Subsequent Events

CWE has evaluated subsequent events through September 25, 2020, the date the financial statements were approved and authorized for issuance by management, and determined that, except as disclosed herein, there have been no subsequent events that would require recognition in the financial statements or disclosure in the notes to the financial statements.

On March 13, 2020, a global pandemic was declared by the World Health Organization for the coronavirus outbreak (COVID-19). The recent spread of COVID-19 and related quarantines and work and travel restrictions has disrupted, and may continue to disrupt, CWE’s operations. The extent to which these events will affect CWE’s operations and financial position remains uncertain at this time. If these conditions persist, they may have an adverse effect on CWE’s results of operations and financial position. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted in response to the COVID-19 pandemic. The CARES Act is an emergency economic stimulus package in response to the coronavirus outbreak.

In April 2020, through CARES Act provisions, CWE received:

- Paycheck Protection Program Loan (“PPP”) for \$343,200
- CARES Act awards from the SBA Office of Women’s Business Ownership totaling \$2,100,000

CWE anticipates the entire PPP loan amount will be forgiven under the provisions of the loan. The grants under the CARES Act awards consist of 5 separate notices of awards, each in the amount of \$420,000. The period of the award is a 12-month period beginning May 1, 2020 through April 30, 2021. The Organization has received advances under these awards totaling \$875,000 as of the financial statement report date of September 25, 2020.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

CWE maintains its cash, at various financial institutions, which at times, may exceed federally insured limits. CWE has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on its cash accounts.

Restricted Cash

CWE’s microloan initiative is a program under which loans are made to qualified low-income entrepreneurs in Rhode Island. Restricted cash represents amounts committed to CWE’s microloan initiative that have not been loaned to program participants.

Effective January 1, 2019, CWE adopted Accounting Standards Update (“ASU”) 2016-18, “Statement of Cash Flows – Restricted Cash,” which requires amounts generally described as restricted cash to be included with cash and cash equivalents when reconciling the total beginning and ending amounts for the periods shown on the statements of cash flows. CWE applied the standard retroactively, and aside from minor presentation changes to the statements of cash flows, did not have an effect on the statements of financial position and the statements of activities and changes in net assets as of and for the years ended December 31, 2019 and 2018. See Note 2 for a reconciliation of cash and restricted cash to the amounts reported on the statements of cash flows.

Accounts Receivable, Government Grants

Accounts receivable from government grants reflect amounts invoiced for program services delivered during the reporting period that are due from the United States Small Business Administration (“SBA”) and other local governmental agencies. Collectability of such amounts is evaluated on a periodic basis and amounts are written off when deemed uncollectible. At December 31, 2019 and 2018, CWE considers amounts recorded as accounts receivable government grants to be fully collectible. Accordingly, no allowance for doubtful accounts was recorded.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Pledges receivable include unconditional promises to give, contributions and grants received from individuals, private industry, foundations, and local government agencies, subject to a discount if applicable. Contributions may be designated by the donor for a specific purpose or given without donor restrictions. Amounts are recorded in the appropriate net asset category, at the time a donor makes a promise that is, in substance, unconditional. Amounts collectible beyond one year from the pledge date are reported at their present value. As of December 31, 2018 and 2019 the present value discount on long-term pledge receivables was not material to the financial statements and therefore not recorded. Collectability of amounts are evaluated on a periodic basis and written off when deemed uncollectible. As necessary, CWE establishes an allowance for doubtful accounts based on prior experience and an analysis of specific contributions made. At December 31, 2019 and 2018, CWE has determined that an allowance for pledges receivable is not required.

Microloans Receivable, Net

CWE, from funds received from grants and a loan participation program (See Note 7), issues loans under their microloan initiative, a program designed to benefit low-income entrepreneurs in the state of Rhode Island. As part of this initiative, CWE issues loans to qualified applicants. Loans are stated at their principal balance plus miscellaneous fees, net of an allowance for loan losses. The loans are unsecured and have terms that require monthly payments including interest and maturity dates that are determined by CWE at the time the loan is entered into and subject to certain restrictions under the loan participation program. Accrual of interest on loans is discontinued when in the judgment of CWE the collectability of principal or interest becomes doubtful. Past due status is based on the contractual terms of the loan. Interest subsequently received on nonaccrual loans is either applied against principal or recorded as income based on CWE's judgment as to the collectability of principal. Interest accruals are resumed on such loans only when they are brought fully current as to principal and interest and when, in the judgment of CWE, the loans are estimated to be fully collectible. In 2019 and 2018, CWE has not accrued interest on any of the outstanding loan balances.

CWE evaluates its microloans receivable for collectability on a continuous basis and, if necessary, establishes an allowance for loan losses based on a number of factors, including current credit conditions and customer payment history. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for loan losses is established through a provision for doubtful accounts charged to functional expenses. Loan losses are charged against the allowance when CWE concludes the loan balance is uncollectible. Subsequent recoveries, if any, are credited to the allowance. At December 31, 2019 and 2018 the microloans receivable allowance amounted to \$6,220 and \$13,316, respectively.

Equipment and Improvements, Net

Equipment and improvements are stated at cost, unless received as a donation, and are reported net of accumulated depreciation and amortization. Major additions and improvements are capitalized, while maintenance and repairs, which do not extend the lives of the respective assets, are expensed as incurred.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Equipment and Improvements, Net (Continued)

Contributed equipment is recorded at estimated fair value at the date of donation. If the donor stipulates how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of equipment are recorded as support without donor restrictions.

Equipment is depreciated using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease or the useful life of the asset. When equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statements of activities for the respective period.

CWE evaluates equipment and improvements for impairment annually and will record adjustments necessary to reflect the effect of any impairment. CWE has not recognized any impairment charges on equipment and improvements as of December 31, 2019 and 2018.

Deferred Rent

For leases that contain predetermined fixed escalations of minimum rent, CWE recognizes the related rent expense on a straight-line basis from the date it takes possession of the property to the end of the initial lease term. The Company records any difference between the straight-line rent and the rent payable as a deferred rent liability on the Statements of Financial Position.

Net Assets

CWE reports two classes of net assets and the changes in those net assets in its financial statements. These two classes are net assets without donor restrictions and net assets with donor restrictions. These classifications are based on the existence or absence of donor-imposed restrictions. The two classifications are defined as follows:

Net Assets (Continued)

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets with Donor Restriction

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity. The Organization reports donor-restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized as support within net assets without donor restrictions.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Support and Revenue

Effective January 1, 2019, the Organization adopted a comprehensive new revenue recognition standard as prescribed by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 606, Revenue from Contracts with Customers (“ASC 606”), that requires the Organization to recognize revenue in a manner that depicts the transfer of services to a client at an amount that reflects the consideration it expects to receive in exchange for those services. The new standard became effective for the Organization on January 1, 2019. The Organization adopted this new standard using the modified retrospective approach to all contracts that were not completed as of the beginning of 2019. Results and disclosures for 2019 are presented under the new standard while 2018 results and disclosures are not adjusted and continue to be reported under the accounting standards in effect for that year. Support and revenue that are covered under ASC 606 primarily consist of program services revenue and fundraising and special event revenue. Adoption of the new standard did not have an impact on the Organization’s change in net assets, financial position, and cash flows; however, it has resulted in expanded disclosures. The impact to revenues from adopting the new standard for the year ended December 31, 2019 was not material.

During 2019, the Organization adopted FASB’s ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Organization adopted ASU 2018-08 using a modified prospective method effective January 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not been recognized) as of January 1, 2019. As a result, the 2018 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of January 1, 2019. There were no material changes to the recognition of contribution revenue during 2019.

The core principle of the new revenue recognition standard is that an entity recognizes revenue to depict the transfer of promised services to clients in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. To do this, the Organization applies the following five-step model: (1) identify the contract with the client; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the Organization satisfies a performance obligation.

Revenue from program services is recognized as services are performed. The majority of program service revenues is derived from certification fees. CWE is the New England Regional Partner Organization for Women’s Business Enterprise National Council (WBENC), managing the certification process for all New England women-owned businesses and offering exclusive programs and networking events to local members and corporations. Certification fees are not refundable, and businesses must be re-certified annually.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Support and Revenue (Continued)

Revenue from special events is recognized following the completion of the event. When advance payments for the attendance at an event is received, the revenue associated with the advance payments is deferred, recorded in the statements of financial position as a liability, and recognized once the event has completed.

Disaggregation of Support and Revenue

Support and revenue that are covered under ASC 606 primarily consist of program services revenue and fundraising and special event revenue, which accounts for approximately 23% of CWE's total support and revenue for the year ended December 31, 2019. Of this support and revenue 36% represents services transferred to clients over time and 64% represents support and revenue from services transferred to clients at a point in time for the year ended December 31, 2019.

Performance Obligations

Performance obligations are satisfied as work progresses or at a point in time.

Contract Balances

The timing of revenue recognition and cash collections results in receivables (contract asset) and deferred revenue (contract liability) on the statements of financial position. A contract asset is a right to consideration that is conditional upon factors other than the passage of time. A contract liability consists of advance payments and billings in excess of revenues recognized.

Grants and Contributions

CWE recognizes support and revenue from cost reimbursed government contracts and certain grants as the services are performed or the funds are expended. Amounts received prior to satisfying CWE's revenue recognition policy are reflected as deferred revenue.

Grants and contributions, including unconditional promises to give, are recognized as support in the period received. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional, which is at the time the conditions on which they depend are substantially met. Multi-year pledges are recorded at the present value of future cash flows using a discount rate, adjusted for market conditions, to estimate fair value. Support that is with donor restrictions by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction, until the restriction lapses or is satisfied, at which time, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skill, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, and are recorded at their fair market values when the donated services are provided. CWE records contributions of goods and services at fair market value on the date of the gift in the accompanying consolidated statements of activities and changes in net assets.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Certain services provided by the Organization may be indirectly impacted by changes in local laws and regulations pertaining to the business environment. The Organization's services are dependent upon economic growth and development which drives the demand for the Organization's services. Any downturn in the economy could result in a decline in demand for the Organization's services, which could in turn negatively impact support and revenue and cash flows.

Income Taxes

CWE is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3). CWE is not classified as a private foundation. Contributions made to CWE are deductible by donors as provided in IRC Section 170.

GAAP prescribes the threshold a tax position is required to meet before being recognized in the financial statements. The tax-exempt status of an entity is considered a tax position. An additional liability for uncertain tax positions ("UTPs") is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet this threshold. Any interest and penalties related to UTPs are recorded as a component of income tax expense. CWE has reviewed its income tax positions and has not identified any material UTPs, including any tax positions that would jeopardize its tax-exempt status, and thus has not recorded a liability at December 31, 2019 or 2018.

CWE's informational tax returns are subject to examination by taxing authorities. CWE is no longer subject to examinations by tax authorities for years prior to 2016. Currently, there are no income tax audits in process.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of time and effort. Rent is allocated based on the percentage of total square feet usage by functional area. Depreciation, interest, and insurance are allocated 90% evenly to each program location. Certain other expenses are allocated based on head count.

Note 2 - Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported on the statements of financial position to the total of the same amounts reported on the statements of cash flows as of December 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ 255,519	\$ 412,346
Restricted Cash	-	21,651
	<u>\$ 255,519</u>	<u>\$ 433,997</u>

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3 - Equipment and Improvements, Net

Equipment and improvements, net consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 168,446	\$ 168,446
Software	191,617	191,617
Furniture and fixtures	73,949	73,949
Computer equipment	35,324	28,301
Leasehold improvements	<u>22,910</u>	<u>22,910</u>
	492,246	485,223
Less accumulated depreciation	<u>398,220</u>	<u>354,219</u>
	<u>\$ 94,026</u>	<u>\$ 131,004</u>

Note 4 - Line of Credit

CWE had a working capital line of credit (“LOC”) with a bank. The LOC agreement was amended in March 2019 whereby the borrowing limit was reduced from \$600,000 to \$300,000 with a maturity date of March 8, 2020. Advances on the LOC bear an interest at the Wall Street Journal prime rate plus 1%, subject to a floor of 5.50%. The LOC is secured by substantially all CWE’s assets, and is subject to certain financial and administrative covenants, the most restrictive of which is that CWE must have no outstanding balance under the LOC for a minimum of 30 consecutive days within a one-year term. The applicable interest rates are 5.75% and 6.75% at December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, the outstanding balance on the LOC was approximately \$300,000 and \$600,000, respectively. During 2019, CWE entered into a new term loan (see Note 5) in which the proceeds from the loan were used to pay down the LOC. Subsequent to December 31, 2019, CWE repaid the outstanding balance on the LOC in full, and the terms of the agreement were amended to extend the maturity date on the LOC to March 8, 2021.

The Organization had a second line of credit with the same bank with a borrowing limit of \$150,000 and a maturity date of June 7, 2019. Advances under the second line of credit bore no interest unless the Organization failed to comply with certain covenants. Advances on the second line of credit totaling \$75,000 were outstanding as of December 31, 2018. During 2019, the second line of credit was closed, and the outstanding balance was paid in full.

Note 5 - Note Payable, Bank

In March 2019, CWE entered into a \$300,000 term loan. The proceeds from the term loan were used to pay down the LOC (See Note 4). The term loan is amortized over 120 monthly installments and requires monthly principal and interest payments of \$3,422 through March 8, 2024 at which time all outstanding principal (approximately \$177,000) and interest are due. The interest is fixed at a rate of 6.50% and the term loan is cross collateralized with the LOC and is subject to certain administrative covenant provisions common to such agreements.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5 - Note Payable, Bank (Continued)

CWE had a term loan with a bank in the amount of \$100,000. The term loan was payable in 60 monthly installments of \$1,899, including interest at a rate of 5.25%. At December 31, 2018 the outstanding balance was \$15,214. CWE paid the outstanding term loan balance during 2019.

The following is a summary of the principal payments due after December 31, 2019:

2020	\$	22,998
2021		24,612
2022		26,285
2023		28,070
2024		<u>183,704</u>
	\$	<u>285,669</u>

Note 6 - Notes Payable, Related Parties

During 2019, CWE entered into three short-term notes payable totaling \$90,000, bearing interest at rates of 4.75% or 5.25%, with certain members of the Board of Directors. All of the notes were repaid during 2019.

During 2018, CWE entered into seven short-term notes payable totaling \$350,000, bearing interest at rates of 4.75% or 5.25%, with certain members of the Board of Directors. At December 31, 2018 four notes totaling \$150,000 remained outstanding and were paid in January 2019.

Interest expense on notes payable with related parties amounted to \$3,818 and \$833 for the years ended December 31, 2019 and 2018, respectively.

Note 7 - Note Payable, Other

In connection with its Microloan program, CWE had a participation program loan (“PPL”) with the Rhode Island Commerce Corporation (“RICC”). In connection with the PPL, CWE was advanced a total of \$200,000 in interest-free loan proceeds, of which \$150,000 was to be used for the issuance of microloans to qualified applicants and was subject to repayment, and \$50,000 was to be used by CWE for consulting with and advising applicants and was not subject to repayment. Under the PPL, CWE may have issued microloans that could have ranged in size from \$2,000 to \$25,000 and bore interest at the prime rate plus 2%. The PPL was to expire on November 10, 2023, at which time the \$150,000, less any applicant loans that were uncollectible, as defined in the agreement, were due to RICC. CWE was subject to certain financial and administrative covenants under the PPL. At December 31, 2018, \$150,000 was included in note payable, other, respectively, on the statements of financial position.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7 - Note Payable, Other (Continued)

During 2019, CWE terminated the agreement with RICC. Of the \$150,000 in loan proceeds, cash on hand from microloan collections totaling \$11,133 was repaid to the RICC, and the collection rights to the remaining \$138,867 in outstanding microloans were transferred to the RICC. As of December 31, 2019, CWE was no longer liable for any amounts outstanding under the PPL and no further amounts were owed to the RICC.

Note 8 - Net Assets with Donor Restrictions

At December 31, 2019 and 2018, net assets with donor restrictions subject to passage of time consist of the following:

	<u>2019</u>	<u>2018</u>
Time restricted	\$ 47,000	\$ 282,186
Program services	170,000	215,500
Auction event	46,000	85,335
	<u>\$ 263,000</u>	<u>\$ 583,021</u>

Net assets were released from donor restrictions during the years ended December 31, 2019 and 2018 by incurring expenses satisfying the restricted purposes, the passage of time or, by the occurrence of other actions specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Program services	\$ 215,500	\$ 292,000
Expiration of time restriction	235,186	114,363
Auction event	61,835	76,665
Technology infrastructure	-	13,583
	<u>\$ 512,521</u>	<u>\$ 496,611</u>

Note 9 - Contingencies

During the years ended December 31, 2019 and 2018, CWE received approximately 36% and 33%, respectively, of its total support and revenue from the SBA. Funding from the SBA is routinely subject to audit. Based on CWE's past experience and in the opinion of management, the results of such audits should not have a material effect on the financial position of CWE as of December 31, 2019 and 2018, or on the changes in its net assets for the years then ended.

Note 10 - Operating Leases

CWE leases office facilities in Boston and Westborough, Massachusetts, Providence, Rhode Island, Nashua, New Hampshire, Burlington, Vermont and certain office equipment under non-cancelable operating leases expiring through March 2025. The various leases require minimum annual rents plus additional rents for real estate taxes and certain other operating costs, as defined in the leases. Rent expense for the office facilities amounted to approximately \$375,000 and \$348,000 for the years ended December 31, 2019 and 2018, respectively.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10 - Operating Leases (Continued)

Future minimum lease payments under non-cancelable operating leases for the years ending December 31, are as follows:

2020	\$ 250,429
2021	224,092
2022	158,269
2023	136,586
2024	139,165
Thereafter	<u>31,878</u>
	<u>\$ 940,419</u>

Note 11 - Donated Goods and Services

The value of donated goods and services are reported in the accompanying financial statements as donated goods and services revenue with offsetting expenses included in program services or offsetting assets included in the statements of financial position, if applicable. For the years ended December 31, 2019 and 2018, donated goods and services are as follows:

	<u>2019</u>	<u>2018</u>
Expenses:		
Program instructors and consultants	<u>\$ 54,099</u>	<u>\$ 132,229</u>
Total donated goods and services revenue	<u>\$ 54,099</u>	<u>\$ 132,229</u>

Note 12 - Retirement Savings Plans

CWE sponsors a 401(k) Retirement Savings Plan. Eligible employees may make pre-tax contributions under salary reduction agreements subjects to limits established by the Internal Revenue Code. CWE did not contribute to the Plan for the year ended December 31, 2019.

Note 13 - Related Party Transactions

For the years ended December 31, 2019 and 2018, included in individual gifts and contributions and fundraising and special events is approximately \$147,000 and \$135,000, respectively, of donations and pledges from members of the Board of Directors.

At December 31, 2019 and 2018, included in pledges receivable is approximately \$74,000 and \$172,000, respectively, of pledges due from members of the Board of Directors.

CENTER FOR WOMEN & ENTERPRISE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 14 - Liquidity and Availability

As of December 31, 2019, and 2018, financial assets and liquid resources available for general expenditures, that is, without donor or other restriction limiting their use, within 1 year of the statement of financial position dates, were as follows:

	<u>2019</u>	<u>2018</u>
Cash	\$ 255,519	\$ 412,346
Restricted cash	-	21,651
Accounts receivable, government grants	160,711	297,884
Pledges receivable	236,639	496,069
Microloans receivable, net	<u>2,077</u>	<u>125,877</u>
Total financial assets:	654,946	1,353,827
Less: Pledges receivable to be collected in more than one year	(5,500)	(170,500)
Less: Assets committed to microloans	<u>-</u>	<u>(147,528)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 649,446</u>	<u>\$ 1,035,799</u>

CWE's working capital and cash flows have seasonal variations to the payment schedule associated with government contracts and the concentration of philanthropic giving in the last quarter of the year. CWE has access to a line of credit to help manage cash flow. CWE has \$649,446 in financial assets as of the balance sheet date.

In addition to the financial assets available to meet general expenditures over the next 12 months, CWE operates with board approved budgets and anticipates collecting sufficient revenue to cover general ongoing expenditures. Refer to the statement of cash flows, which identifies sources and uses of CWE's cash and shows positive cash generated from operations for the year ended December 31, 2019 (also see Note 1 and Note 4).

SUPPLEMENTARY INFORMATION

CENTER FOR WOMEN & ENTERPRISE, INC.

SCHEDULE OF PROGRAM SERVICES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Education Programs						Certifications	Total Program Services
	Eastern Massachusetts	Rhode Island	Central Massachusetts	New Hampshire	Vermont	Total		
Salaries and wages	\$ 131,009	\$ 358,614	\$ 154,892	\$ 149,940	\$ 146,375	\$ 940,830	\$ 217,734	\$ 1,158,564
Payroll taxes and benefits	29,815	55,916	27,493	22,181	29,047	164,452	34,299	198,751
Rent and utilities	97,158	80,557	27,703	42,449	35,201	283,068	42,885	325,953
Consultants and professional fees	26,750	9,965	4,549	4,747	4,549	50,560	4,549	55,109
Credit card and bank charges	31	414	170	511	-	1,126	8,763	9,889
Depreciation and amortization	5,657	11,315	5,657	5,657	5,657	33,943	5,657	39,600
Dues and publications	980	640	1,095	870	1,166	4,751	-	4,751
Equipment rental and maintenance	6,708	5,201	5,201	3,892	3,468	24,470	-	24,470
Fundraising and special events	-	-	-	276	44	320	32,034	32,354
General and liability insurance	1,329	2,657	1,329	1,329	1,329	7,973	1,329	9,302
Instructor fees and program consultants	28,603	78,111	26,692	17,841	34,541	185,788	-	185,788
Interest expense	5,112	10,224	5,112	5,112	5,112	30,672	5,112	35,784
Marketing and public relations	3,365	3,666	1,693	1,005	558	10,287	3,368	13,655
Office supplies and expenses	4,173	4,783	2,479	3,169	3,821	18,425	1,354	19,779
Postage	811	-	3	8	25	847	4	851
Program and course materials	7,869	5,832	1,008	-	1,478	16,187	-	16,187
Program events	4,984	12,443	2,839	2,289	3,406	25,961	480	26,441
Provision for doubtful accounts	21,500	-	-	-	-	21,500	-	21,500
Software maintenance contracts	7,366	9,366	7,366	7,366	7,366	38,830	1,451	40,281
Telecommunications expense	4,131	5,002	2,825	3,237	2,814	18,009	1,292	19,301
Training and development	535	1,070	535	535	535	3,210	535	3,745
Travel, meals, and lodging	6,164	15,484	9,376	5,346	12,222	48,592	11,397	59,989
Total program service expenses	\$ 394,050	\$ 671,260	\$ 288,017	\$ 277,760	\$ 298,714	\$ 1,929,801	\$ 372,243	\$ 2,302,044

CENTER FOR WOMEN & ENTERPRISE, INC.

SCHEDULE OF PROGRAM SERVICES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Education Programs						Certifications	Total Program Services
	Eastern Massachusetts	Rhode Island	Central Massachusetts	New Hampshire	Vermont	Total		
Salaries and wages	\$ 135,161	\$ 383,681	\$ 132,653	\$ 142,292	\$ 136,196	\$ 929,983	\$ 177,317	\$ 1,107,300
Payroll taxes and benefits	26,116	68,792	21,364	19,745	28,563	164,580	32,975	197,555
Rent and utilities	119,197	80,135	23,404	38,101	34,339	295,176	39,701	334,877
Consultants and professional fees	13,889	16,786	4,642	3,801	8,787	47,905	3,703	51,608
Credit card and bank charges	9	416	88	407	439	1,359	9,486	10,845
Depreciation and amortization	6,140	12,065	6,140	6,140	6,139	36,624	6,139	42,763
Dues and publications	2,407	1,420	1,478	830	1,277	7,412	-	7,412
Equipment rental and maintenance	8,668	6,018	5,214	4,700	3,468	28,068	-	28,068
Fundraising and special events	-	-	500	1,253	50	1,803	29,117	30,920
General and liability insurance	1,328	2,656	1,328	1,328	1,327	7,967	1,327	9,294
Instructor fees and program consultants	82,851	83,344	25,540	39,151	62,494	293,380	-	293,380
Interest expense	4,924	9,848	4,924	4,924	4,924	29,544	4,924	34,468
Marketing and public relations	2,019	3,782	818	1,379	752	8,750	220	8,970
Office supplies and expenses	3,443	8,486	5,217	3,467	4,145	24,758	5,994	30,752
Postage	891	498	432	194	100	2,115	72	2,187
Program and course materials	3,269	10,056	573	877	1,376	16,151	3,468	19,619
Program events	452	16,826	2,714	25	1,415	21,432	-	21,432
Provision for doubtful accounts	-	32,003	-	-	-	32,003	10,500	42,503
Software maintenance contracts	7,742	7,698	7,378	7,377	7,984	38,179	-	38,179
Telecommunications expense	2,925	4,650	3,042	3,540	2,971	17,128	1,160	18,288
Training and development	545	805	495	1,090	921	3,856	-	3,856
Travel, meals, and lodging	8,694	23,419	7,799	3,713	13,616	57,241	13,175	70,416
Total program service expenses	\$ 430,670	\$ 773,384	\$ 255,743	\$ 284,334	\$ 321,283	\$ 2,065,414	\$ 339,278	\$ 2,404,692