



FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

CENTER FOR WOMEN & ENTERPRISE, INC.

Contents
December 31, 2023 and 2022

	<u>Pages</u>
Independent Auditor’s Report	1 - 1A
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets.....	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 15

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Center for Women & Enterprise, Inc. (a Massachusetts nonprofit corporation) (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Center for Women & Enterprise, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

AAFCPA, Inc.

Boston, Massachusetts
June 4, 2024

CENTER FOR WOMEN & ENTERPRISE, INC.Statements of Financial Position
December 31, 2023 and 2022

Assets	2023	2022
Current Assets:		
Cash	\$ 235,885	\$ 246,590
Pledges, grants and contracts receivable, net	987,790	1,109,829
Prepaid expenses	35,105	25,237
Total current assets	1,258,780	1,381,656
Deposits	32,443	28,463
Right-of-Use Asset - Operating	415,654	647,696
Property and Equipment, net	2,400	7,467
Total assets	<u>\$ 1,709,277</u>	<u>\$ 2,065,282</u>
Liabilities and Net Assets		
Current Liabilities:		
Line of credit	\$ 330,000	\$ 620,000
Current portion of operating lease liability	223,497	251,751
Accounts payable and accrued expenses	361,330	260,973
Deferred revenue	5,500	163,000
Total current liabilities	920,327	1,295,724
Operating Lease Liability, net of current portion	206,968	418,874
Total liabilities	<u>1,127,295</u>	<u>1,714,598</u>
Net Assets:		
Without donor restrictions	154,482	31,184
With donor restrictions	427,500	319,500
Total net assets	<u>581,982</u>	<u>350,684</u>
Total liabilities and net assets	<u>\$ 1,709,277</u>	<u>\$ 2,065,282</u>

CENTER FOR WOMEN & ENTERPRISE, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Grants and contributions	\$ 1,109,164	\$ 825,000	\$ 1,934,164	\$ 971,570	\$ 374,500	\$ 1,346,070
Government grants and contracts	1,595,373	-	1,595,373	2,091,316	180,000	2,271,316
Program income	583,821	-	583,821	554,118	-	554,118
Special events	298,462	-	298,462	282,072	-	282,072
Donated services	86,310	-	86,310	167,870	-	167,870
Net assets released from restrictions	717,000	(717,000)	-	344,500	(344,500)	-
Total revenue and support	<u>4,390,130</u>	<u>108,000</u>	<u>4,498,130</u>	<u>4,411,446</u>	<u>210,000</u>	<u>4,621,446</u>
Operating Expenses:						
Program services	2,949,151	-	2,949,151	3,514,920	-	3,514,920
Management and general	905,044	-	905,044	494,771	-	494,771
Fundraising	412,637	-	412,637	572,295	-	572,295
Total operating expenses	<u>4,266,832</u>	<u>-</u>	<u>4,266,832</u>	<u>4,581,986</u>	<u>-</u>	<u>4,581,986</u>
Changes in net assets	123,298	108,000	231,298	(170,540)	210,000	39,460
Net Assets:						
Beginning of year	<u>31,184</u>	<u>319,500</u>	<u>350,684</u>	<u>201,724</u>	<u>109,500</u>	<u>311,224</u>
End of year	<u>\$ 154,482</u>	<u>\$ 427,500</u>	<u>\$ 581,982</u>	<u>\$ 31,184</u>	<u>\$ 319,500</u>	<u>\$ 350,684</u>

CENTER FOR WOMEN & ENTERPRISE, INC.Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 231,298	\$ 39,460
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,067	16,776
Non-cash lease expense	(8,118)	22,929
Changes in operating assets and liabilities:		
Pledges, grants and contracts receivable	122,039	(325,971)
Prepaid expenses	(9,868)	(4,561)
Deposits	(3,980)	-
Accounts payable and accrued expenses	100,357	(100,554)
Deferred revenue	(157,500)	145,000
Net cash provided by (used in) operating activities	<u>279,295</u>	<u>(206,921)</u>
Cash Flows from Financing Activities:		
Repayments on line of credit	(400,000)	(400,000)
Amounts drawn on line of credit	<u>110,000</u>	<u>520,000</u>
Net cash provided by (used in) financing activities	<u>(290,000)</u>	<u>120,000</u>
Net Change in Cash	(10,705)	(86,921)
Cash:		
Beginning of year	<u>246,590</u>	<u>333,511</u>
End of year	<u>\$ 235,885</u>	<u>\$ 246,590</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 27,108</u>	<u>\$ 35,673</u>

CENTER FOR WOMEN & ENTERPRISE, INC.

Statement of Functional Expenses
 For the Year Ended December 31, 2023
 (With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023					2022	
	Program Services			Supporting Services		Total	Total
	Education Programs	Certifications	Total Program Services	Management and General	Fundraising		
Operating Expenses:							
Personnel:							
Salaries	\$ 1,155,220	\$ 451,035	\$ 1,606,255	\$ 526,089	\$ 237,327	\$ 2,369,671	\$ 2,183,140
Payroll taxes and benefits	271,485	84,339	355,824	80,503	77,177	513,504	516,193
Total personnel	<u>1,426,705</u>	<u>535,374</u>	<u>1,962,079</u>	<u>606,592</u>	<u>314,504</u>	<u>2,883,175</u>	<u>2,699,333</u>
Occupancy	<u>203,150</u>	<u>37,243</u>	<u>240,393</u>	<u>12,492</u>	<u>12,476</u>	<u>265,361</u>	<u>259,128</u>
Other:							
Consultants and professional fees	59,581	13,450	73,031	137,530	15,000	225,561	188,497
Instructor fees and program consultants	187,877	-	187,877	-	-	187,877	424,866
Information technology	96,328	-	96,328	36,054	11,369	143,751	297,087
Fundraising and networking events	2,335	53,198	55,533	-	49,985	105,518	94,035
Donated services - instructor fees and program consultants	86,310	-	86,310	-	-	86,310	167,870
Marketing	11,010	2,675	13,685	56,600	365	70,650	72,960
Program events and course materials	64,781	903	65,684	-	375	66,059	184,689
Travel, meals and lodging	35,244	9,783	45,027	5,992	3,102	54,121	48,225
Equipment rental and maintenance	36,276	-	36,276	5,446	-	41,722	32,922
Office supplies	16,918	2,621	19,539	9,827	2,019	31,385	31,006
Interest	24,397	-	24,397	2,711	-	27,108	35,673
Training and development	200	12,735	12,935	13,632	-	26,567	9,155
Telecommunications	10,579	412	10,991	14,357	-	25,348	-
Insurance	11,723	-	11,723	2,662	-	14,385	13,609
Credit card and bank charges	25	2,750	2,775	650	3,442	6,867	6,155
Depreciation	4,568	-	4,568	499	-	5,067	16,776
Total other	<u>648,152</u>	<u>98,527</u>	<u>746,679</u>	<u>285,960</u>	<u>85,657</u>	<u>1,118,296</u>	<u>1,623,525</u>
Total operating expenses	<u>\$ 2,278,007</u>	<u>\$ 671,144</u>	<u>\$ 2,949,151</u>	<u>\$ 905,044</u>	<u>\$ 412,637</u>	<u>\$ 4,266,832</u>	<u>\$ 4,581,986</u>

The accompanying notes are an integral part of these statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services			Supporting Services		Total
	Education Programs	Certifications	Total Program Services	Management and General	Fundraising	
Operating Expenses:						
Personnel:						
Salaries	\$ 1,227,527	\$ 328,375	\$ 1,555,902	\$ 259,806	\$ 367,432	\$ 2,183,140
Payroll taxes and benefits	278,594	58,327	336,921	77,435	101,837	516,193
Total personnel	1,506,121	386,702	1,892,823	337,241	469,269	2,699,333
Occupancy	208,302	25,413	233,715	12,707	12,706	259,128
Other:						
Consultants and professional fees	108,653	357	109,010	79,487	-	188,497
Instructor fees and program consultants	424,866	-	424,866	-	-	424,866
Information technology	232,227	492	232,719	25,898	38,470	297,087
Fundraising and networking events	-	49,415	49,415	-	44,620	94,035
Donated services - instructor fees and program consultants	167,870	-	167,870	-	-	167,870
Marketing	38,252	21,516	59,768	12,993	199	72,960
Program events and course materials	184,554	135	184,689	-	-	184,689
Travel, meals and lodging	31,956	7,139	39,095	5,411	3,719	48,225
Equipment rental and maintenance	32,922	-	32,922	-	-	32,922
Office supplies	24,700	475	25,175	5,204	627	31,006
Interest	32,105	-	32,105	3,568	-	35,673
Training and development	1,168	363	1,531	7,624	-	9,155
Insurance	11,809	-	11,809	1,800	-	13,609
Credit card and bank charges	446	1,864	2,310	1,160	2,685	6,155
Depreciation	15,098	-	15,098	1,678	-	16,776
Total other	1,306,626	81,756	1,388,382	144,823	90,320	1,623,525
Total operating expenses	\$ 3,021,049	\$ 493,871	\$ 3,514,920	\$ 494,771	\$ 572,295	\$ 4,581,986

The accompanying notes are an integral part of these statements.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

1. OPERATIONS AND NONPROFIT STATUS

Center for Women & Enterprise, Inc. (the Organization) is a nonprofit corporation established on January 1, 1995, in the Commonwealth of Massachusetts. The mission of the Organization is to provide opportunities for women entrepreneurs and women in business to increase professional success, personal growth, and financial independence. The Organization achieves this mission by providing education, training, technical assistance, women's business enterprise certifications, access to markets, and paths to funding to entrepreneurs at every stage of business development. In partnership with the U.S. Small Business Administration (SBA), the Organization 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 (VBOC).

The Organization'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 business to fast growth companies seeking equity financing.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Contributions made to the Organization are deductible by donors within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization's financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP). References to U.S. GAAP in these notes are to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Revenue Recognition

Program Income

Program income is recognized in accordance with FASB's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgment and changes in judgment.

The Organization generally measures earned revenue based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers (i.e., earned revenue) based on the five-step model under ASU Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Revenue from program services is recognized at a point in time, as services are performed. The majority of program service revenue is derived from certification fees. The Organization is the New England Regional Partner Organization for the 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
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Program Income (Continued)

Revenue from corporate dues is recognized ratably over the membership year the corporate membership contract covers, which coincides with the Organization's calendar year-end, as the performance obligation is satisfied over time. The Organization records the revenue earned monthly. Dues collected in advance are initially recorded as deferred revenue and are only recognized over the term of the membership. There was \$5,500 and \$13,000 of deferred revenue as of December 31, 2023 and 2022, respectively, which is included in deferred revenue in the accompanying statements of financial position.

Revenue from the Organization's annual conference is recognized at the time the conference is held, as the performance obligation is satisfied on the date of the conference.

Government Contracts, Grants and Contributions

In accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization must determine whether a grant or contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of the assets or a right of release of a promise to transfer assets exists (see Note 3). Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions without donor restrictions are recorded as revenue and net assets without donor restrictions when received or unconditionally committed by the donor. Revenue from donor restricted grants and contributions are recorded as donor restricted revenue and net assets when received or unconditionally committed by the donor. Net assets released from donor restrictions represent transfers made to revenue and net assets without donor restrictions as costs are incurred, time restrictions lapse, or program restrictions have been satisfied.

The Organization's Federal cost reimbursable contracts, included in government contracts in the accompanying statements of activities and changes in net assets, are recognized under Topic 958 and treated as conditional and recorded as revenue upon meeting expense criteria and recognized over the period of time expenses are incurred.

Special events revenue is from the Organization's ability to host fundraising events, in which revenues are recognized at the time of the event. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received. The sales portion of the special event income is derived from various components, including registration fees, sponsorships and program ads, in which the transaction price is determined annually. Fees collected in advance of the special events are initially recorded as deferred revenue and are only recognized in the statements of activities and changes in net assets after the special event has occurred and the performance obligation has been met. There was \$150,000 of sponsorship advances as of December 31, 2022, which is included in deferred revenue in the accompanying statements of financial position.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges, Grants and Contracts Receivable and Allowance for Uncollectible Accounts

The Organization records an allowance for uncollectible accounts based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. There was no allowance for uncollectible accounts as of December 31, 2023 and 2022.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at the estimated market value at the date of gift, if donated. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Computer software and technology	2 - 5 years
Office and information technology equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of life of lease or 10 years

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Organization values all of its qualifying assets and liabilities using Level 1 inputs.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for use in future periods (time restricted).

Net assets with donor restrictions consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Purpose restricted	\$ 422,500	\$ 302,000
Time restricted	<u>5,000</u>	<u>17,500</u>
	<u>\$ 427,500</u>	<u>\$ 319,500</u>

Net assets released from donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions	\$ 699,500	\$ 332,000
Expiration of time restrictions	<u>17,500</u>	<u>12,500</u>
	<u>\$ 717,000</u>	<u>\$ 344,500</u>

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

Expenses related directly to a program are recorded as program expenses, while other expenses are allocated based upon management's estimate of the percentage attributable to program services, general and administrative, and fundraising.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel, interest, depreciation, information technology and insurance, which are allocated based on the number of employees spending time in the Organization's program and supporting functions. Occupancy is allocated based on the percentage of square footage used by functional area.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization recognizes the fair value of contributed services if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Organization receives donated services from instructors and consultants in support of its programs and administration. Donated services are reflected as contributions at their value at date of donation and are reflected as unrestricted revenue and support unless explicit donor stipulations specify how the donated assets must be used. Donated services are shown as donated services in the accompanying statements of activities and changes in net assets and functional expenses. Individuals contribute services to the Organization in support of its programs and these contributions are not monetized. There were no donor restricted donated services in 2023 or 2022.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2023 and 2022. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through June 4, 2024, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements, except as disclosed in Note 5.

3. CONDITIONAL GRANTS

The Organization is awarded various grants, contributions and contracts from private, public and governmental entities that contain donor-imposed conditions that represent a barrier that must be overcome, as well as a right of return assets or release from obligation. These amounts are considered conditional and as such, have not been recognized in the accompanying statements of activities and changes in net assets. The Organization recognizes these grants, contributions and contracts when donor-imposed conditions are substantially met (see Note 2). Conditional promises to give consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Incurring qualifying expenses	\$ 740,963	\$ 960,201
Subject to measurable performance barriers	<u>1,450,595</u>	<u>1,150,000</u>
	<u>\$ 2,191,558</u>	<u>\$ 2,110,201</u>

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Computer software and technology	\$ 186,327	\$ 186,327
Office and information technology equipment	201,543	201,543
Furniture and fixtures	73,949	73,949
Leasehold improvements	<u>22,910</u>	<u>22,910</u>
	484,729	484,729
Less - accumulated depreciation	<u>482,329</u>	<u>477,262</u>
Property and equipment, net	<u>\$ 2,400</u>	<u>\$ 7,467</u>

5. LEASES

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. The Organization determines lease classification as operating or finance at the lease commencement date. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office buildings and equipment. The Organization has elected the practical expedient to combine lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of twelve months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

5. LEASES (Continued)

Operating Leases

The Organization has multiple leases for office space expiring at various times through May 2027. These leases generally contain renewal options for up to three years and require the Organization to pay all executory costs (property taxes and insurance). Termination of the leases is generally prohibited unless there is a violation under the lease agreement. The Organization paid monthly rent amounts ranging from \$850 to \$10,411.

The following summarizes operating lease costs included in occupancy in the accompanying statements of functional expenses, for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 262,017	\$ 259,128
Short-term lease cost	2,730	-
Variable lease cost	<u>809</u>	<u>-</u>
Total lease costs	<u>\$ 265,556</u>	<u>\$ 259,128</u>

The following is a schedule of future minimum lease liabilities under all of the operating leases for the Organization, in accordance with the operating lease agreements as of December 31, 2023:

2024	\$ 230,258
2025	111,895
2026	79,754
2027	<u>20,552</u>
Total future undiscounted lease payments	442,459
Less - current portion	223,497
Less - present value discount/interest	<u>11,994</u>
	<u>\$ 206,968</u>

Subsequent to year end, the Organization entered into a lease agreement beginning February 1, 2024, for \$1,990 per month for the first year. For each subsequent year, the payments will be the previous year's total plus any cost-of-living increase during said year, through January 31, 2027.

Other Information

The following summarizes the weighted-average remaining lease term and discount rate as of December 31, 2023:

Weighted-average remaining lease term	3 years
Weighted-average discount rate	1.79%

6. RETIREMENT PLAN

The Organization has a defined contribution retirement plan under IRC Section 401(K) covering all eligible employees. Employees become eligible to participate on their date of hire if over the age of 21. Eligible employees may make pre-tax contributions under salary reduction agreements subject to limits established by the IRC. The Organization did not contribute to the plan for the years ended December 31, 2023 and 2022.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

7. LINE OF CREDIT

The Organization has a working capital line of credit with a bank with a maximum borrowing limit of \$850,000 through November 8, 2024. Advances on the line of credit bear interest at the *Wall Street Journal's* prime rate (8.5%) plus 1%, subject to a floor of 5.5% (9.5% and 8.5% at December 31, 2023 and 2022, respectively). The line of credit is secured substantially by all of the Organization's assets. The outstanding balance on the line of credit was \$330,000 and \$620,000 as of December 31, 2023 and 2022, respectively.

The Organization has certain financial covenants with which it must comply. The Organization was in compliance with these covenants as of December 31, 2023 and 2022.

8. CONCENTRATIONS

The Organization received approximately 30% and 40% of its total revenue and support from the SBA during 2023 and 2022, respectively. Approximately 54% and 53% of the Organization's pledges, grants and contracts receivable at December 31, 2023 and 2022, respectively, are due from the SBA. One additional donor represents 10% of pledges, grants and contracts receivable at December 31, 2023. Payments to the Organization are subject to audit by the SBA. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Organization as of December 31, 2023 or 2022, or on the changes in net assets for the years then ended.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the statements of financial position date for general operating expenses are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 235,885	\$ 246,590
Pledges, grants and contracts receivable, net	<u>987,790</u>	<u>1,109,829</u>
	1,223,675	1,356,419
Less - funds purpose restricted by donors	<u>(422,500)</u>	<u>(302,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 801,175</u>	<u>\$ 1,054,419</u>

The Organization's working capital and cash flows have seasonal variations to the payment schedule associated with government contracts. At December 31, 2023 and 2022, the Organization has approximately two and three months, respectively, of financial assets available within one year to cover operating expenses, net of depreciation and donated services.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The Organization operates with Board-approved budgets and anticipates collecting sufficient revenue to cover ongoing expenditures.

CENTER FOR WOMEN & ENTERPRISE, INC.

Notes to Financial Statements
December 31, 2023 and 2022

10. CONTINUING OPERATIONS

For the years ended December 31, 2023 and 2022, the Organization had total net assets of approximately \$582,000 and \$351,000, respectively. During 2023 and 2022, the Organization's changes in net assets without donor restrictions were \$123,298 and \$(170,540), respectively.

Management has gone through a strategic planning process through which several revenue generating initiatives have been developed and the Organization is in the process of implementing. The Organization has put together a business plan to increase WBENC program income. Additionally, a consultant has been hired to help coordinate a strategy to increase philanthropic support from national foundations. Lastly, the Organization is launching its first grassroots campaign to expand the pipeline of individual donors.

As described in Note 3, the Organization has approximately \$2,200,000 in conditional awards which are expected to be recognized as revenue over the next three years. During 2023 several awards with donor restrictions were not released as qualifying expenses were not incurred. These amounts are expected to be released into net assets without restrictions during 2024.

Management anticipates that the revenue generated by new grant funding, combined with a budgeted operating surplus in 2024, the Organization is expected to generate sufficient changes in net assets without donor restrictions to continue to add to the current balance and build up the overall net asset position of the Organization.