

**WOMEN'S CITY CLUB OF NEW YORK, INC.
d/b/a WOMEN CREATING CHANGE**

Audited Financial Statements

December 31, 2019

Independent Auditor's Report

To the Board of Directors of
Women's City Club of New York, Inc.
d/b/a Women Creating Change

Report on the Financial Statements

We have audited the accompanying financial statements of Women's City Club of New York, Inc. d/b/a Women Creating Change ("WCC"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor considers 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.

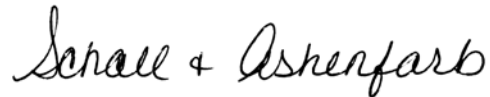
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCC as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited WCC's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived



Schall & Ashenfarb
Certified Public Accountants, LLC

September 15, 2020

WOMEN'S CITY CLUB OF NEW YORK, INC.
d/b/a WOMEN CREATING CHANGE
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019
(With comparative totals at December 31, 2018)

	<u>12/31/19</u>	<u>12/31/18</u>
Assets		
Cash and cash equivalents	\$258,814	\$297,973
Investments (Note 3)	10,762,277	9,450,567
Security deposit and other assets	34,418	23,635
Fixed assets, net (Note 4)	<u>1,827</u>	<u>5,409</u>
Total assets	<u><u>\$11,057,336</u></u>	<u><u>\$9,777,584</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$34,341	\$41,753
Deferred membership dues	4,502	6,619
Deferred rent	0	29,651
Total liabilities	<u>38,843</u>	<u>78,023</u>
Net assets:		
Without donor restrictions:		
Undesignated	211,715	764,263
Board designated - 21st Century Fund (Note 2b)	287,264	247,065
Board designated - Barbara Reach Memorial Fund (Note 2b)	36,305	34,093
Board designated - Untermeyer Fund for Women and Girls (Note 2b)	<u>10,389,372</u>	<u>0</u>
Total net assets without donor restrictions	<u>10,924,656</u>	<u>1,045,421</u>
With donor restrictions:		
For future programs and time periods (Note 5)	51,512	8,621,694
Donor restricted endowment (Notes 5 and 6)	<u>42,325</u>	<u>32,446</u>
Total net assets with donor restrictions	<u>93,837</u>	<u>8,654,140</u>
Total net assets	<u>11,018,493</u>	<u>9,699,561</u>
Total liabilities and net assets	<u><u>\$11,057,336</u></u>	<u><u>\$9,777,584</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

WOMEN'S CITY CLUB OF NEW YORK, INC.
d/b/a WOMEN CREATING CHANGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With comparative totals for the year ended December 31, 2018)

	With Donor Restrictions			Total 12/31/19	Total 12/31/18
	Without Donor Restrictions	Future Programs and Time Periods	Endowment		
Public support and revenue:					
Contributions	\$49,169	\$15,000		\$15,000	\$100,652
Membership dues	31,054			0	22,116
In-kind contributions (Note 2k)	101,000			0	21,000
Program revenue				0	1,275
Board designated funds appropriated by the governing board for operations (Note 2b)	600,000			0	0
Net assets released from restriction	2,835	(2,835)		(2,835)	0
Total public support and revenue	<u>784,058</u>	<u>12,165</u>	<u>0</u>	<u>796,223</u>	<u>145,043</u>
Expenses:					
Program services	524,700				636,185
Supporting services:					
Management and general	220,488			220,488	159,874
Fundraising	30,327			30,327	35,565
Membership	13,593			13,593	20,762
Total supporting services	<u>264,408</u>	<u>0</u>	<u>0</u>	<u>264,408</u>	<u>216,201</u>
Total expenses	<u>789,108</u>	<u>0</u>	<u>0</u>	<u>789,108</u>	<u>852,386</u>
Change in net assets from operations	<u>(5,050)</u>	<u>12,165</u>	<u>0</u>	<u>7,115</u>	<u>(707,343)</u>
Non-operating activity:					
Investment return, net of fees (Note 3)	1,901,812	126	9,879	10,005	(566,839)
Board reserve funds appropriated by the governing board for operations (Note 2b)	(600,000)			0	0
Total non-operating activity	<u>1,301,812</u>	<u>126</u>	<u>9,879</u>	<u>10,005</u>	<u>(566,839)</u>
Change in net assets before reclassifications	1,296,762	12,291	9,879	22,170	(1,274,182)
Reclassification (Notes 2b and 5)	8,582,473	(8,582,473)		(8,582,473)	0
Change in net assets	9,879,235	(8,570,182)	9,879	(8,560,303)	(1,274,182)
Net assets - beginning of year	1,045,421	8,621,694	32,446	8,654,140	10,973,743
Net assets - end of year	<u>\$10,924,656</u>	<u>\$51,512</u>	<u>\$42,325</u>	<u>\$93,837</u>	<u>\$9,699,561</u>

The attached notes and auditor's report are an integral part of these financial statements.

WOMEN'S CITY CLUB OF NEW YORK, INC.
d/b/a WOMEN CREATING CHANGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

(With comparative totals for the year ended December 31, 2018)

	Supporting Services				Total Supporting Services	Total Expenses 12/31/19	Total Expenses 12/31/18*
	Program Services	Management and General	Fundraising	Membership			
Salaries	\$278,704	\$33,461	\$19,703	\$8,839	\$62,003	\$340,707	\$374,444
Payroll taxes and benefits	53,436	6,415	3,778	1,695	11,888	65,324	67,723
Total salaries and related costs	<u>332,140</u>	<u>39,876</u>	<u>23,481</u>	<u>10,534</u>	<u>73,891</u>	<u>406,031</u>	<u>442,167</u>
Professional fees	16,186	56,641			56,641	72,827	99,306
Studies and outreach	77,930	2,228	361		2,589	80,519	66,117
Citywide Resource Guide					0	0	8,543
Organizational events and meetings	1,764	5,127			5,127	6,891	8,802
Occupancy	52,588	6,313	3,718	1,668	11,699	64,287	132,438
Office expenses	11,378	2,437	707	467	3,611	14,989	17,225
Programs and other events	3,570				0	3,570	8,338
Insurance	5,989	719	423	190	1,332	7,321	3,592
IT and communications	20,226	2,429	1,430	641	4,500	24,726	38,097
Other expenses		3,365			3,365	3,365	2,903
Depreciation	2,929	353	207	93	653	3,582	3,858
Total expenses before in-kind expenses	<u>524,700</u>	<u>119,488</u>	<u>30,327</u>	<u>13,593</u>	<u>163,408</u>	<u>688,108</u>	<u>831,386</u>
Add: in-kind legal expense (Note 2k)		101,000			101,000	101,000	21,000
Total expenses	<u>\$524,700</u>	<u>\$220,488</u>	<u>\$30,327</u>	<u>\$13,593</u>	<u>\$264,408</u>	<u>\$789,108</u>	<u>\$852,386</u>

* Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

WOMEN'S CITY CLUB OF NEW YORK, INC.
d/b/a WOMEN CREATING CHANGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With comparative totals for the year ended December 31, 2018)

	<u>12/31/19</u>	<u>12/31/18</u>
Cash flows from operating activities:		
Change in net assets	\$1,318,932	(\$1,274,182)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	3,582	3,858
Net unrealized and realized (gain)/loss on investments	(1,708,382)	829,781
Changes in assets and liabilities:		
Security deposit and other assets	(10,783)	(7,141)
Accounts payable and accrued expenses	(7,412)	11,989
Deferred membership dues	(2,117)	(4,671)
Deferred rent	(29,651)	29,651
Total adjustments	<u>(1,754,763)</u>	<u>863,467</u>
Net cash used for operating activities	<u>(435,831)</u>	<u>(410,715)</u>
Cash flows from investing activities:		
Purchases of investments (including reinvested income)	(2,427,555)	(1,813,253)
Proceeds from sales of investments	<u>2,824,227</u>	<u>2,150,412</u>
Net cash provided by investing activities	<u>396,672</u>	<u>337,159</u>
Net decrease in cash and cash equivalents	(39,159)	(73,556)
Cash and cash equivalents - beginning of year	<u>297,973</u>	<u>371,529</u>
Cash and cash equivalents - end of year	<u><u>\$258,814</u></u>	<u><u>\$297,973</u></u>
Supplemental disclosure:		
Taxes and interest paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

WOMEN'S CITY CLUB OF NEW YORK, INC.
d/b/a WOMEN CREATING CHANGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 - Organization

Women's City Club of New York, Inc. d/b/a Women Creating Change ("WCC") is a 105-year old non-profit, non-partisan organization founded to bring together New York City women interested in the welfare of the City through education and advocacy. As the needs of New Yorkers changed, WCC evolved its programmatic work to include policy and advocacy work that improves the lives of all New Yorkers through education, issue analysis, advocacy, and civic participation. WCC's member-led task forces conducted research, published reports, fostered dialogue with public officials, presented public forums, and launched or participated in advocacy campaigns leading to positive social change in the following issue areas: Criminal Justice, Environmental Justice, Good Government, Health, Housing and Homelessness, Income Inequality, and Public Education. In 2018, WCC revised its mission again and is an inclusive community that partners with organizations and underserved women to develop and strengthen the skills and resources needed to effectively advocate for New York's diverse community. Committed to the vision that all women have the power to be changemakers to create a more equitable New York City, WCC is developing programs, in partnership with community-based organizations that offer women the resources, tools, and educational support to be more actively engaged in local civic life.

WCC is a not-for-profit organization and has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of WCC have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

Effective January 1, 2019 WCC adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective January 1, 2019, WCC adopted ("ASU") No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, WCC evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer

of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, WCC applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

WCC evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for WCC to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way WCC recognizes revenue.

b. Basis of Presentation

WCC reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. Board designated funds activity consist of the following:

	<u>December 31, 2019</u>			
	<u>Untermeyer Fund For Women and Girls (i)</u>	<u>21st Century Fund (ii)</u>	<u>Barbara Reach Memorial Fund (iii)</u>	<u>Total Board Designated</u>
Board designated net assets,				
beginning of year	\$0	\$247,065	\$34,093	\$281,158
Transfers	9,127,972	0	0	9,127,972
Appropriations	(600,000)	0	0	(600,000)
Realized and unrealized				
gain on investments	275,047	9,009	1,151	285,207
Interest and dividends	<u>1,586,353</u>	<u>31,190</u>	<u>1,061</u>	<u>1,618,604</u>
Board designated net assets, end of year	<u>\$10,389,372</u>	<u>\$287,264</u>	<u>\$36,305</u>	<u>\$10,712,941</u>
	<u>December 31, 2018</u>			
	<u>Untermeyer Fund For Women and Girls (i)</u>	<u>21st Century Fund (ii)</u>	<u>Barbara Reach Memorial Fund (iii)</u>	<u>Total Board Designated</u>
Board designated net assets,				
beginning of year		\$264,790	\$34,460	\$299,250
Realized and unrealized				
loss on investments		(28,227)	(1,389)	(29,616)
Interest and dividends		<u>10,502</u>	<u>1,022</u>	<u>11,524</u>
Board designated net assets, end of year		<u>\$247,065</u>	<u>\$34,093</u>	<u>\$281,158</u>

i. Untermeyer Fund for Women and Girls

The gift and accumulated earnings are used for pursuing innovative or continuing programs for women and girls, which is wholly consistent with WCC's activities and considered without donor restrictions under generally accepted accounting principles. The Board of Directors approves appropriations from this fund as part of the budgeting process and on an as-needed basis. See note 5.

ii. 21st Century Fund

The accumulated earning on the 21st Century Fund can be used to support WCC's general activities. The Board of Directors intends that this fund be held indefinitely such that the principal of the funds will not be used except under extraordinary circumstances. Invading the principal requires a three-fourths majority vote of the Board.

iii. Barbara Reach Memorial Fund

The accumulated earnings on the Barbara Reach Memorial Fund is used to create the Barbara Reach Internship in Public Policy Research and Advocacy for graduate students. This internship provides the students an opportunity to work with WCC on studies or projects in areas about which Ms. Reach cared deeply: women's issues, housing, land use planning and government operations.

As the funds are internally designated, they are reflected on the financial statements as net assets without donor restrictions.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

WCC analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

WCC offers a membership program that falls under Topic 606. Members may join for a period of one year or as lifetime members. Annual membership dues are recognized as the performance obligation is satisfied over the term of the membership period. Fees received in advance of performing services are recorded as deferred income and will be recognized as income in the period earned.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the without donor restrictions class of net assets. Contributions that do contain donor restrictions are recorded in the assets with donor restrictions class of net assets. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the without donor restrictions class of net assets.

Contributions may be subject to conditions which are defined under (“ASU”) No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to WCC’s ongoing services and transfers from the Board-designated fund to support current operating activities. Non-operating activities are limited to resources that generate return from investments.

e. Cash and Cash Equivalents

WCC considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held by the investment manager for long-term purposes.

f. Concentration of Credit Risk

Financial instruments that potentially subject WCC to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. At various times throughout the year, balances were in excess of insured amounts. WCC did not suffer any losses due to bank failure.

The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of WCC.

g. Investments

WCC’s investments consist of contributors and accumulated surpluses from previous years. The majority of investments were derived from a bequest that is described in Note 2b(i) as the Untermeyer Fund for Women and Girls. The Board has designated these funds for pursuing innovative or continuing programs for women and girls and has decided to hold the funds in investments until they are appropriated for spending.

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, interest and dividends, and investment fees are included in investment return on the statement of activities.

h. Fair Value Measurement

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that WCC has the ability to access.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

i. Property and Equipment

Fixed assets, consisting of furniture and office equipment, are capitalized in the year acquired and are carried at cost, if purchased, or fair value, if donated. Depreciation is computed over the estimated useful lives of the assets (5-7 years) using the straight-line method. Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life, are charged to expense as incurred.

j. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. Rent expense recognized in excess of cash payments is recorded as a deferred rent liability. In future years, when payments exceed the amount of rent recognized as expense, the deferred rent liability will be reduced until it is zero at the end of the lease.

k. Contributed Services

Donated services are recognized in circumstances when they create or enhance non-financial assets or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. During the years ended December 31, 2019 and December 31, 2018, WCC received in-kind professional services of \$101,000 and \$21,000, respectively which have been charged directly to management and general expenses.

Board members and other individuals volunteer considerable time and perform a variety of tasks that assist WCC. These services have not been recorded in the financial statements because they do not meet the criteria for recognition as outlined above.

l. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

m. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of WCC.

The following expenses were allocated using time and effort as the basis:

- Salaries

The following expenses were allocated using salary allocation as the basis:

- Payroll taxes and benefits
- Occupancy
- Office expenses
- Insurance
- IT and communications
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

n. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the WCC's audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

o. Accounting for Uncertainty of Income Taxes

WCC does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2016 and later are subject to examination by applicable taxing authorities.

p. New Accounting Pronouncement

FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position. Management is in the process of evaluating the impact this standard will have on future financial statements.

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 (December 31, 2022) year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

Note 3 - Investments

Investments were held for the following purposes:

	<u>12/31/19</u>	<u>12/31/18</u>
Board designated funds:		
21 st Century Fund	\$287,264	\$247,065
Barbara Reach Memorial Fund	36,305	34,093
Untermeyer Fund for Women and Girls	<u>10,389,372</u>	<u>0</u>
Subtotal Board designated funds	<u>10,712,941</u>	<u>281,158</u>
Donor restricted:		
Endowment (Notes 5 and 6)	\$42,325	\$32,446
Restricted for future programs (Note 5)	<u>7,011</u>	<u>8,589,358</u>
Subtotal donor restricted	<u>49,336</u>	<u>8,621,804</u>
Undesignated	<u>0</u>	<u>547,605</u>
Total investments	<u>\$10,762,277</u>	<u>\$9,450,567</u>

All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets.

The following summarizes the composition of investments:

	<u>12/31/19</u>	<u>12/31/18</u>
Cash and cash equivalents	\$143,857	\$126,961
Common stock	4,377,642	3,525,003
Exchange-traded funds	741,592	788,316
Fixed Income:		
Government	928,355	1,062,713
Corporate	1,108,864	1,240,404
Asset-backed securities	248,729	77,080
Mortgage pools	92	0
Mutual funds:		
Equities	2,008,338	1,541,085
Fixed Income	437,005	356,231
Balanced	<u>767,803</u>	<u>732,774</u>
Total	<u>\$10,762,277</u>	<u>\$9,450,567</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes the investment return:

	<u>12/31/19</u>	<u>12/31/18</u>
Unrealized gain/(loss) on investments	\$1,390,735	(\$1,077,845)
Realized gain on sales of investments	317,647	248,064
Interest and dividends	286,582	348,514
Investment fees	<u>(83,147)</u>	<u>(85,572)</u>
Total investment return	<u>\$1,911,817</u>	<u>(\$566,839)</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>12/31/19</u>	<u>12/31/18</u>
Furniture and equipment	\$39,661	\$39,661
Less: accumulated depreciation	<u>(37,834)</u>	<u>(34,252)</u>
Net: furniture and equipment	<u>\$1,827</u>	<u>\$5,409</u>

Note 5 - Net Assets With Donor Restrictions

During 2019, WCC retained legal counsel to help interpret terms of the original bequest from the Untermeyer Fund for Women and Girls. Based on this review, it was determined that the purpose of the gift was not more restrictive than the overall mission of WCC. As a result, a reclassification was made to transfer the balance of \$8,582,473 that was previously recorded in the class of net assets with donor restrictions to the class of net assets without donor restrictions.

The following summarizes the nature of net assets with donor restrictions:

	<u>12/31/19</u>	<u>12/31/18</u>
Untermeyer Fund for Women and Girls	\$0	\$8,582,473
Civic Engagement Projects	10,006	12,841
Citywide Guide to Services and Resources	32,615	17,615
Other programs	<u>8,891</u>	<u>8,765</u>
Total net assets restricted for future programs and periods	51,512	8,621,694
Friedlaender Endowment:		
Corpus	32,446	32,446
Accumulated earnings	<u>9,879</u>	<u>0</u>
Total endowment	42,325	32,446
Total net assets with donor restrictions	<u>\$93,837</u>	<u>\$8,654,140</u>

The following summarizes net assets released from restrictions:

	<u>12/31/19</u>	<u>12/31/18</u>
Untermeyer Fund for Women and Girls	\$0	\$548,950
Civic Engagement Projects	2,835	0
Citywide Guide to Services and Resources	0	43,943
Other programs	<u>0</u>	<u>5,531</u>
Total released from restriction	<u>\$2,835</u>	<u>\$598,424</u>

Note 6 - Donor Restricted Endowment

WCC’s endowment includes a contribution that was restricted by a donor and the three Board designated funds described in Note 2b. The donor restricted endowment consists of a donation that WCC is holding in perpetuity with the intention to use the interest earned to support its general operations. These funds are maintained in separate investment accounts.

Interpretation of Relevant Law

WCC follows New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which WCC has interpreted as requiring certain amounts to be retained in perpetuity. Absent explicit donor stipulations to the contrary, WCC will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, WCC has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, WCC classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the Board appropriates for expenditure: therefore, they are reflected in the class of net assets with donor restrictions.

Spending Policies

WCC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of WCC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of WCC
- (7) The investment policies of WCC
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on WCC

There is no formal spending policy, and interest, dividends, and other market value gains are being accumulated for future appropriation, if deemed prudent and necessary.

Changes in donor restricted endowment net assets were as follows:

	<u>December 31, 2019</u>		
	Donor Restricted <u>Earnings</u>	Donor Restricted <u>Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$32,446	\$32,446
Interest and dividend income	1,138	0	1,138
Net gain on investments	<u>8,741</u>	<u>0</u>	<u>8,741</u>
Endowment net assets, end of year	<u>\$ 9,879</u>	<u>\$32,446</u>	<u>\$42,325</u>

The endowment did not have restricted earnings in 2018. The Board plans to appropriate all of the restricted earnings for spending in 2020.

Endowment Investment Policies

All WCC funds are managed in accordance with their investment policy statements to meet long-term or short-term needs. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation strategy is used that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair market value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor and applicable law requires the WCC to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019 and December 31, 2018.

Note 7 - Commitment

WCC occupies office space under a lease agreement that expires on December 31, 2023.

Future minimum lease payments are as follows:

Year ending:	December 31, 2020	\$33,983
	December 31, 2021	62,100
	December 31, 2022	64,274
	December 31, 2023	<u>66,523</u>
Total		<u>\$226,880</u>

Total rent expense for the years ended December 31, 2019 and 2018 was \$46,000 and \$79,000, respectively, which is included in occupancy in the accompanying statement of functional expenses.

Note 8 - Retirement Plan

WCC has an employment management agreement with a Professional Employer Organization that provides a comprehensive personnel management system encompassing a broad range of services, including benefits and payroll administration, health and worker's compensation insurance programs, personnel records management, and employer liability management. As part of this agreement, employees are offered the option of participating in a 403(b)-retirement plan whereby the employee can contribute pre-tax dollars up to statutory limits. WCC does not provide matching contributions.

Note 9 - Liquidity and Availability of Financial Resources

WCC maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. In addition, WCC maintains investment accounts as a reserve to cover future operating expenses. As part of its liquidity management, WCC operates its programs within a Board approved budget and relies on contributions, earned income, and investment return to fund its operations and program activities.

The following reflects WCC's financial assets at December 31, 2019, reduced by amounts that have donor-imposed and Board-imposed restrictions within one year of the statement of financial position date:

Financial assets at year-end:	
Cash and cash equivalents	\$258,814
Investments	<u>10,762,277</u>
Total financial assets	\$11,021,091
Amounts not available for general expenditures:	
Donor restricted for specific purposes	(51,512)
Donor restricted endowment	(42,325)
Board designated funds:	
Untermeyer Fund for Women and Girls	(10,389,372)
21 st Century Fund	(287,264)
Barbara Reach Memorial Fund	<u>(36,305)</u>
Total amounts not available for general expenditures	<u>(10,806,778)</u>
Add back: Board funds appropriated for spending in the following year	<u>600,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$814,313</u>

The Untermeyer Fund for Women and Girls is not considered available for general expenditures until it is appropriated for spending. As part of the budgeting process, the Board approves an amount of the Untermeyer fund that can be used for the year. This portion is considered available for general expenditures and the remaining balance is not considered available for general expenditures within one year.

Note 10 - Subsequent Events

Management has evaluated the impact of all subsequent events through September 15, 2020, which is the date that the financial statements were available to be issued.

Subsequent to year end, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This could adversely affect WCC's donors, program participants, and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies, and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand for WCC's services and harm WCC's business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact of such on WCC's business cannot be quantified.

No additional events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.