

**WOMEN'S CITY CLUB OF NEW YORK, INC.
D/B/A WOMEN CREATING CHANGE
Financial Statements
December 31, 2023
With Independent Auditor's Report**

Women's City Club of New York, Inc.
d/b/a Women Creating Change
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December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Women's City Club of New York, Inc. d/b/a Women Creating Change ("WCC") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 WCC as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit 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 WCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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, that raise substantial doubt about WCC's ability to continue as a going concern for 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.

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 WCC'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 WCC'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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

December 5, 2024

**Women's City Club of New York, Inc.
d/b/a Women Creating Change
Statement of Financial Position
December 31, 2023**

Assets

Cash and cash equivalents	\$ 216,070
Contribution receivable	3,300
Investments	9,726,392
Security deposit and other assets	28,306
Fixed assets, net	15,055
Operating lease right of use asset, net	<u>127,687</u>
 Total assets	 <u>\$ 10,116,810</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 87,721
Operating lease liability	<u>127,687</u>
	<u>215,408</u>

Net assets

Without donor restrictions	
Undesignated	143,125
Board designed	<u>9,666,583</u>
Net assets without donor restrictions	9,809,708

Net assets with donor restrictions	<u>91,694</u>
Total net assets	<u>9,901,402</u>

Total liabilities and net assets	<u>\$ 10,116,810</u>
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The Notes to Financial Statements are an integral part of this statement.

Women's City Club of New York, Inc.
d/b/a Women Creating Change
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Support and revenues			
Contributions	\$ 59,802	\$ 20,000	\$ 79,802
Special event revenue, net	20,397	-	20,397
Contributions of non-financial assets	112,500	-	112,500
Board designated funds appropriated by the governing board for operations	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
Total support and revenue	<u>1,392,699</u>	<u>20,000</u>	<u>1,412,699</u>
Expenses			
Program services	1,006,845	-	1,006,845
Management and general	256,327	-	256,327
Fundraising	<u>63,010</u>	<u>-</u>	<u>63,010</u>
Total expenses	<u>1,326,182</u>	<u>-</u>	<u>1,326,182</u>
Changes in net assets from operating activities	<u>66,517</u>	<u>20,000</u>	<u>86,517</u>
Non-operating activity			
Investment return, net	1,103,677	8,764	1,112,441
Board designated funds appropriated by the governing board for operations	<u>(1,200,000)</u>	<u>-</u>	<u>(1,200,000)</u>
Change in net assets from non-operating activities	<u>(96,323)</u>	<u>8,764</u>	<u>(87,559)</u>
Change in net assets	(29,806)	28,764	(1,042)
Net assets			
Beginning of year	<u>9,839,514</u>	<u>62,930</u>	<u>9,902,444</u>
End of year	<u>\$ 9,809,708</u>	<u>\$ 91,694</u>	<u>\$ 9,901,402</u>

The Notes to Financial Statements are an integral part of this statement.

Women's City Club of New York, Inc.
d/b/a Women Creating Change
Statement of Cash Flows
Year Ended December 31, 2023

Operating activities

Changes in net assets	\$ (1,042)
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation	5,143
Unrealized gain on investments	(1,264,448)
Realized loss on investments	272,697
Amortization of right-of-use asset	63,514
Changes in operating assets and liabilities	
Contribution receivable	(2,300)
Security deposit and other assets	(5,937)
Accounts payable and accrued expenses	43,753
Lease liability - operating	<u>(66,286)</u>
Net cash used in operating activities	<u>(954,906)</u>

Investing activities

Purchase of fixed assets	(8,081)
Purchase of investments	(2,617,049)
Proceeds from sales of investments	<u>3,696,359</u>
Net cash provided by investing activities	<u>1,071,229</u>

Net change in cash 116,323

Cash

Beginning of year	<u>99,747</u>
End of year	<u>\$ 216,070</u>

Supplemental disclosure

Right of use assets obtained in exchange for lease obligations \$ 127,687

The Notes to Financial Statements are an integral part of this statement.

**Women’s City Club of New York, Inc.
d/b/a Women Creating Change
Statement of Functional Expenses
Year Ended December 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 397,450	\$ 43,177	\$ 26,398	\$ 467,025
Payroll taxes and employee benefits	98,610	12,232	7,478	118,320
Professional fees	305,156	52,124	16,585	373,865
Studies and outreach	93,907	14,081	4,480	112,468
Organization events and meetings	11,117	2,319	738	14,174
Occupancy	46,974	9,636	3,613	60,223
Office expense	19,502	3,856	701	24,059
Insurance expense	6,934	1,462	465	8,861
IT and communications	7,299	1,539	490	9,328
Other expenses	15,884	2,527	1,805	20,216
Depreciation expense	<u>4,012</u>	<u>874</u>	<u>257</u>	<u>5,143</u>
Total expenses before in-kind expenses	1,006,845	143,827	63,010	1,213,682
In-kind professional fees	<u>-</u>	<u>112,500</u>	<u>-</u>	<u>112,500</u>
	<u>\$ 1,006,845</u>	<u>\$ 256,327</u>	<u>\$ 63,010</u>	<u>\$ 1,326,182</u>

The Notes to Financial Statements are an integral part of this statement.

Women's City Club of New York, Inc.
d/b/a Women Creating Change
Notes to Financial Statements
December 31, 2023

1. NATURE OF ORGANIZATION

Women's City Club of New York, Inc. d/b/a Women Creating Change ("WCC"), a 108-year-old not-for-profit organization previously known as the Women's City Club of New York, is dedicated to advancing the rights of women to shape the future of New York City. Our vision is rooted in the pioneering principles of our founders, who united women in the city with a deep commitment to its welfare through education and advocacy.

Today, WCC envisions a future where every woman and gender-expansive person has the power to drive positive change and build a more just and equitable New York City. We place a primary focus on engaging historically marginalized women and gender-expansive persons, who have been systematically excluded from civic engagement.

Our mission is to advance gender and racial equity through civic participation and activism and to propel progress in critical areas such as economic justice, health, reproductive justice, education, safety, and environmental justice. Inclusivity and intersectionality define our approach. With an unwavering commitment, we equip women and gender-expansive individuals with the knowledge, resources, tools, and connections needed to advocate for themselves, influence policies, foster resilient and diverse communities, and fortify our democracy.

WCC collaborates across sectors, uniting with partners to drive transformation and to uplift and advance gender and racial equity in New York City and beyond. We aim to create a future where meaningful change and equity flourish for all women and gender-expansive persons in the city. Significant revenues are received from contributions and investment return.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of WCC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions as follows:

Net assets without donor restrictions: Include expendable resources that are used to carry out WCC's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by WCC or may be limited by contractual agreements with outside parties. Included within net assets without donor restrictions are board designated funds that can be used in operations. Board designated funds activity consist of the following as of December 31, 2023:

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. The Board of Directors approves appropriations from this fund as part of the budgeting process. It may also do so at other times, if and when necessary.

ii. 21st Century Fund

The accumulated earnings 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.

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iii. Barbara Reach Memorial Fund

The accumulated earnings on the Barbara Reach Memorial Fund are 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 these funds are internally designated, they are reflected on the financial statements as net assets without donor restrictions.

	Untermeyer Fund For Women and Girls (i)	21st Century Fund (ii)	Barbara Reach Memorial Fund (iii)	Total Board Designated
Balance - beginning of year	\$ 9,446,708	\$ 278,827	\$ 37,372	\$ 9,762,907
Appropriations	(1,200,000)	-	-	(1,200,000)
Interest and dividends	168,891	7,200	1,726	177,817
Fees and expenses	(57,760)	(529)	(174)	(58,463)
Realized and unrealized loss on investments	936,736	47,473	113	984,322
Balance - end of year	<u>\$ 9,294,575</u>	<u>\$ 332,971</u>	<u>\$ 39,037</u>	<u>\$ 9,666,583</u>

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of WCC or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by WCC, including gifts wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income may be made available for operations or other programmatic uses.

Revenue and Support Recognition

Contributions and Promises to Give

Contributions are recognized as revenues when they are received or unconditionally pledged and are recorded as without donor restrictions or with donor restrictions support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at estimated fair value.

Fundraising benefits

WCC accounts for special event revenue as exchange transactions in the statement of activities and changes in net assets. Revenue from contracts with customers is treated as revenue without donor restrictions. WCC does not have any significant financing components as payment is received at or shortly after the point of sale. Funds received in advance from customers for services that have not been performed are recorded as contract liabilities in the statements of financial position. Revenues are recognized at a point in time, at the date the event is held.

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Measure of Operations

The statement of activities and changes in net assets 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 includes transfers from the board designated fund to support current operating activities. Non-operating activities are limited to resources that generate return from investments and transfers to the board designated fund.

Cash and Cash Equivalents

Cash and cash equivalents may consist of cash in bank or on hand. WCC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, other than cash reserve funds held by the investment manager held for long term investment.

Contributions Receivable

Contributions receivable are stated at unpaid balances. WCC's policy is to provide an allowance for doubtful accounts equal to the estimated uncollectible amounts based on prior years' experience and management's analysis of specific promises made. There are no receivables for unconditional promises to give or allowances related to such receivables at December 31, 2023.

Investments

WCC's investments consist of contributions and accumulated investment earning surpluses from previous years. The majority of investments were derived from a bequest that is described above 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 reported at fair value, which is determined by using quoted market prices, when available. Common stocks and the Real Estate Investment Trusts are valued at the closing price reported on the active market on which the individual securities are traded. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds and are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at those published prices. The mutual funds held by WCC are deemed to be actively traded.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law. Donated investments are recorded at the fair value at the date of receipt. Investment related fees are offset with net investment income.

In-Kind Contributions

Donated services are recognized in circumstances when they create or enhance nonfinancial 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.

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During the year ended December 31, 2023, WCC received donated legal services valued at \$112,500 which was allocated to management and general. Donated legal and other professional services are valued based on current rates for similar services in the New York City area.

Board members and other individuals volunteer considerable time and perform a variety of services 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.

Leases

WCC categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow WCC to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statement of financial position. WCC had no finance leases during 2023.

WCC determines if an arrangement is or contains a lease at inception. Leases are included in the right of use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The change in operating lease right-of-use asset and liability on the statement of cash flows includes the amortization of the ROU asset and cash payments for leases offset by the accretion of the discounted lease liability. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that WCC will exercise that option.

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred. Donated property and equipment is recorded at fair value at the time of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture and equipment	5-7

Expenditures for major renewals, betterments and additions are capitalized. When assets are retired or otherwise disposed of, the cost of the assets and the related accumulated depreciation are eliminated from the accounts. Any gain or loss on disposition is credited or charged to the statement of activities and changes in net assets.

Income Taxes

WCC qualifies as a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

WCC follows the provisions of authoritative guidance on accounting for uncertainty in income taxes for the year ended December 31, 2023. Under this guidance, tax positions are evaluated for recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.

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WCC has evaluated the likelihood of its tax-exempt status being challenged as remote. Accordingly, WCC has not included any income tax provisions or any potential liabilities for taxes on unrelated business income, including interest and penalties, in the financial statements related to potential violations of its tax-exempt status. There are no income tax related interest or penalties reflected in these financial statements.

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. Such allocations are determined by management on an equitable basis.

Salaries and professional fees were allocated using time and effort as the basis. The following expenses were allocated using salary allocation as the basis:

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

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

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, WCC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the financial statements. Significant estimates include functional expense allocation. Actual results could differ from those estimates.

New Accounting Pronouncements Adopted in Current Year

During 2023, WCC adopted the provisions of Accounting Standards Update 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022, and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates. There was no impact on the financial statements and related disclosures as a result of the adoption of the standard.

**Women’s City Club of New York, Inc.
d/b/a Women Creating Change
Notes to Financial Statements
December 31, 2023**

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and fulfillment of payables and other obligations, were as follows:

Financial assets available within one year	
Cash and cash equivalents	\$ 216,070
Contribution receivable	3,300
Investments	<u>9,726,392</u>
Total financial assets	<u>9,945,762</u>
Amounts not available for general expenditures:	
With donor restricted	(91,694)
Board designated funds	<u>(9,666,583)</u>
Total amounts not available for general expenditures	<u>(9,758,277)</u>
Add back:	
Board funds appropriated for spending in the following year	<u>1,325,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,512,485</u>

WCC manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. WCC’s cash flows have fluctuations during the year attributable to the timing of program operations and contributions received.

The Untermeyer Fund for Women and Girls is not considered available for general expenditures until it is appropriated for spending. The Board of Directors approves appropriations from this fund as part of the budgeting process. It may also do so at other times, when necessary. The portion appropriated for spending is considered available for general expenditures and the remaining balance is not considered available for general expenditures within one year. The 21st Century Fund and Barbara Reach Memorial Fund are not considered available for general expenditures until the Board of Directors approves appropriations for spending to achieve the fund’s purpose as described in Note 2.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are described below. There were no changes in investment leveling methodology for the year ended December 31, 2023. In addition, there were no purchases of or transfers between Level 3 investments during the year ended December 31, 2023.

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Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that WCC has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The following tables represent WCC's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 178,922	\$ -	\$ -	\$ 178,922
Common stock	5,016,036	-	-	5,016,036
Mutual funds	1,584,522	-	-	1,584,522
Exchange traded funds	632,235	-	-	632,235
Corporate bonds	-	2,204,077	-	2,204,077
Real estate investment trust	110,600	-	-	110,600
	<u>\$ 7,522,315</u>	<u>\$ 2,204,077</u>	<u>\$ -</u>	<u>\$ 9,726,392</u>

Investment return, net related to these investments at December 31, 2023 includes the following:

Interest and dividends	\$ 179,300
Unrealized gain	1,264,448
Realized loss	(272,697)
Investment expenses	<u>(58,610)</u>
	<u>\$ 1,112,441</u>

5. Fixed Assets

Fixed assets consisted of the following at December 31, 2023:

Furniture and equipment	\$ 32,721
Less: Accumulated depreciation	<u>(17,666)</u>
	<u>\$ 15,055</u>

Depreciation expense charged to operations amounted to \$5,143 for 2023.

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6. LEASES

WCC evaluated current contracts to determine which met the criteria of a lease. WCC leases office space in New York City under a non-cancelable lease which expires December 31, 2025. The lease does not include any extension options. The ROU assets represent WCC's right to use the underlying asset for the lease term, and the lease liabilities represent WCC's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms.

The following is a maturity analysis of the annual undiscounted cash flows of the lease liabilities as of December 31:

2024	\$ 66,523
2025	<u>66,523</u>
	133,046
Less: net present value	<u>(5,359)</u>
Lease liability, net	<u>\$ 127,687</u>

Lease costs and other related information pertaining to financing lease obligations are as follows for the year ended December 31, 2023:

Operating lease expense	\$ 72,480
Variable costs	<u>1,049</u>
Total lease expense	<u>\$ 73,529</u>

Other information

Cash paid for operating cash flows from operating leases	\$ 66,523
Weighted-average remaining lease term (years)—operating leases	2.00
Weighted-average discount rate—operating leases	4.33%

7. NET ASSETS

Net assets with donor restrictions at December 31, 2023 were as follows:

Net assets with donor restrictions	
Purpose restrictions	
Civic Engagement Projects	\$ 30,006
Other	<u>9,272</u>
	39,278
Donor Restricted Endowment	<u>52,416</u>
	<u>\$ 91,694</u>

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8. DONOR RESTRICTED ENDOWMENT

WCC's endowment includes a contribution that was restricted by a donor, and accumulated earnings that have not yet been appropriated. 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.

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.

Women’s City Club of New York, Inc.
d/b/a Women Creating Change
Notes to Financial Statements
December 31, 2023

Changes in donor restricted endowment net assets were as follows for the year ended December 31, 2023:

	Donor Restricted Earnings	Donor Restricted Corpus	Total
Endowment net assets - Beginning of year	\$ 11,519	\$ 32,446	\$ 43,965
Interest and dividend income	1,127	-	1,127
Net gain/loss on investments	7,324	-	7,324
Endowment net assets - End of year	<u>\$ 19,970</u>	<u>\$ 32,446</u>	<u>\$ 52,416</u>

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 WCC to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023.

9. 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 401(k) retirement plan; whereby, the employee can contribute pre-tax dollars up to statutory limits. WCC provides a 4% match of an employee's deferred contribution. Total contributions to the plan were \$7,970 for the year ended December 31, 2023.

10. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject WCC to concentrations of credit risk consist principally of cash and investments.

WCC has significant cash balances at financial institutions which throughout the year may exceed the federally insured limit of \$250,000. Any incurred losses or a lack of access to such funds could have a significant adverse impact on WCC's financial condition, changes in net assets, and cash flows.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the market decline, and that such changes could materially affect the amount reported in WCC's statement of financial position.

11. SUBSEQUENT EVENTS

WCC has evaluated subsequent events occurring after the statement of financial position date through December 5, 2024, which is the date the financial statements were available to be issued. Based upon this evaluation, WCC has determined that no subsequent events have occurred which require adjustments or disclosure in the financial statements.