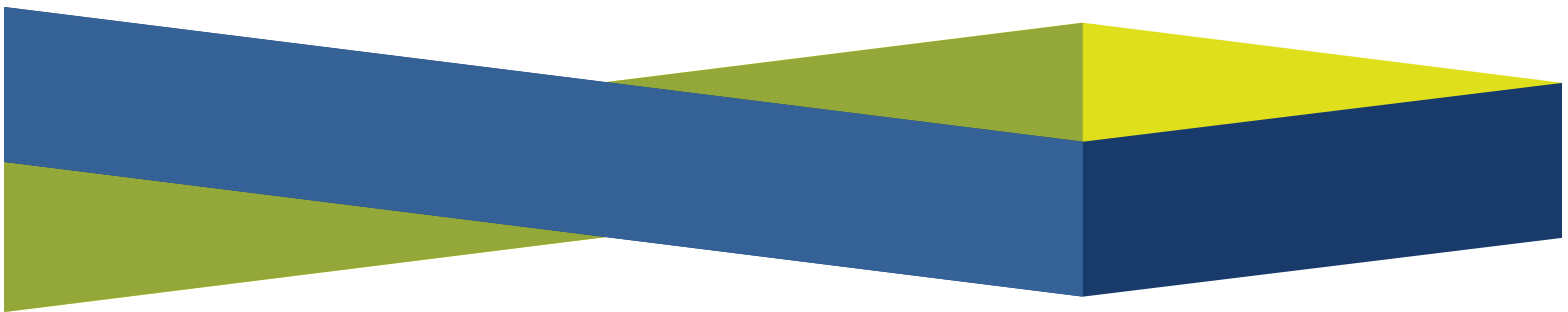


**CENTER FOR WOMEN & ENTERPRISE, INC.**

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

DECEMBER 31, 2018 AND 2017



**CENTER FOR WOMEN & ENTERPRISE, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2018 AND 2017**

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## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of Center for Women & Enterprise, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Women & Enterprise, Inc. as of December 31, 2018 and 2017, 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.

***Other Matters***

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

*Di Cicco, Helman & Company LLP*

Boston, Massachusetts  
June 28, 2019

**CENTER FOR WOMEN & ENTERPRISE, INC.**

**STATEMENTS OF FINANCIAL POSITION**

<b>December 31,</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 412,346	9,424
Restricted cash	21,651	6,469
Accounts receivable, government grants	297,884	260,924
Pledges receivable, current portion	325,569	604,947
Microloans receivable, net, current portion	41,203	41,001
Prepaid expenses and other current assets	21,684	20,821
Total current assets	1,120,337	943,586
<b>Equipment and improvements, net</b>	131,004	144,952
<b>Other assets:</b>		
Pledges receivable, net of current portion	170,500	192,500
Microloans receivable, net of current portion	84,674	73,907
Deposits	37,197	37,197
<b>Total assets</b>	\$ 1,543,712	\$ 1,392,142
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Lines of credit	\$ 674,338	\$ 599,638
Note payable, bank, current portion	15,214	21,388
Notes payable, related parties	150,000	-
Accounts payable and accrued expenses	294,822	252,359
Deferred revenue	7,500	-
Total current liabilities	1,141,874	873,385
<b>Long-term liabilities:</b>		
Note payable, bank, net of current portion	-	15,090
Deferred rent	19,887	24,840
Note payable, other	150,000	112,500
<b>Total liabilities</b>	1,311,761	1,025,815
<b>Commitments and contingencies</b>		
<b>Net assets:</b>		
Without donor restrictions	(351,070)	(310,869)
With donor restrictions	583,021	677,196
Total net assets	231,951	366,327
<b>Total liabilities and net assets</b>	\$ 1,543,712	\$ 1,392,142

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

**CENTER FOR WOMEN & ENTERPRISE, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>						
Program revenue:						
Government contracts and grants	\$ 1,335,498	\$ -	\$ 1,335,498	\$ 1,170,024	\$ -	\$ 1,170,024
Program services	378,282	-	378,282	307,785	-	307,785
Net program revenue	<u>1,713,780</u>	<u>-</u>	<u>1,713,780</u>	<u>1,477,809</u>	<u>-</u>	<u>1,477,809</u>
Other support and revenue:						
Foundation grants	232,224	183,000	415,224	107,737	303,083	410,820
Corporate gifts and sponsorships	306,542	21,500	328,042	230,258	29,500	259,758
Individual gifts and contributions	114,240	118,436	232,676	128,767	251,113	379,880
Donated goods and services	132,229	-	132,229	97,749	-	97,749
Fundraising and special events	238,894	79,500	318,394	293,447	93,500	386,947
Total other support and revenue	<u>1,024,129</u>	<u>402,436</u>	<u>1,426,565</u>	<u>857,958</u>	<u>677,196</u>	<u>1,535,154</u>
Net assets released from restriction	<u>496,611</u>	<u>(496,611)</u>	<u>-</u>	<u>612,500</u>	<u>(612,500)</u>	<u>-</u>
Total support and revenue	<u>3,234,520</u>	<u>(94,175)</u>	<u>3,140,345</u>	<u>2,948,267</u>	<u>64,696</u>	<u>3,012,963</u>
<b>Functional expenses:</b>						
Program services	2,404,692	-	2,404,692	2,285,502	-	2,285,502
Management and general	294,038	-	294,038	310,400	-	310,400
Fundraising	575,991	-	575,991	412,313	-	412,313
Total functional expenses	<u>3,274,721</u>	<u>-</u>	<u>3,274,721</u>	<u>3,008,215</u>	<u>-</u>	<u>3,008,215</u>
<b>Change in net assets</b>	<b>(40,201)</b>	<b>(94,175)</b>	<b>(134,376)</b>	<b>(59,948)</b>	<b>64,696</b>	<b>4,748</b>
<b>Net assets, beginning of year</b>	<b>(310,869)</b>	<b>677,196</b>	<b>366,327</b>	<b>(250,921)</b>	<b>612,500</b>	<b>361,579</b>
<b>Net assets, end of year</b>	<b>\$ (351,070)</b>	<b>\$ 583,021</b>	<b>\$ 231,951</b>	<b>\$ (310,869)</b>	<b>\$ 677,196</b>	<b>\$ 366,327</b>

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

**CENTER FOR WOMEN & ENTERPRISE, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018				2017			
	Program Services	Support Services		Total	Program Services	Support Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
<b>Personnel:</b>								
Salaries and wages	\$ 1,107,300	\$ 185,626	\$ 285,094	\$ 1,578,020	\$ 1,089,204	\$ 202,214	\$ 196,359	\$ 1,487,777
Payroll taxes and benefits	197,555	29,882	59,908	287,345	196,255	24,745	47,106	268,106
Total personnel	<u>1,304,855</u>	<u>215,508</u>	<u>345,002</u>	<u>1,865,365</u>	<u>1,285,459</u>	<u>226,959</u>	<u>243,465</u>	<u>1,755,883</u>
<b>Occupancy:</b>								
Rent and utilities	<u>334,877</u>	<u>19,852</u>	<u>19,851</u>	<u>374,580</u>	<u>336,762</u>	<u>19,355</u>	<u>19,426</u>	<u>375,543</u>
<b>Other:</b>								
Consultants and professional fees	51,608	9,416	47,090	108,114	67,665	2,654	-	70,319
Credit card and bank charges	10,845	3,198	7,680	21,723	7,067	2,467	12,603	22,137
Depreciation and amortization	42,763	4,775	-	47,538	37,083	3,097	-	40,180
Dues and publications	7,412	1,260	1,135	9,807	13,751	4,911	530	19,192
Equipment rental and maintenance	28,068	339	-	28,407	32,684	734	-	33,418
Fundraising and special events	30,920	36	113,331	144,287	-	-	113,059	113,059
General and liability insurance	9,294	553	-	9,847	9,292	1,430	-	10,722
Instructor fees and program consultants	293,380	-	-	293,380	214,503	-	-	214,503
Interest expense	34,468	3,831	-	38,299	25,709	2,857	-	28,566
Marketing and public relations	8,970	1,172	533	10,675	13,303	1,228	2,204	16,735
Office supplies and expenses	30,752	11,156	650	42,558	34,975	9,137	1,927	46,039
Postage	2,187	1,112	1,971	5,270	2,261	3,535	-	5,796
Program and course materials	19,619	-	-	19,619	13,088	-	-	13,088
Program events	21,432	492	-	21,924	30,721	-	-	30,721
Provision for doubtful accounts	42,503	-	22,400	64,903	2,217	-	-	2,217
Software maintenance contracts	38,179	4,828	3,672	46,679	50,030	1,972	12,014	64,016
Telecommunications expense	18,288	2,320	1,160	21,768	11,807	11,248	-	23,055
Training and development	3,856	3,485	2,439	9,780	13,926	1,209	1,759	16,894
Travel, meals, and lodging	70,416	10,705	9,077	90,198	83,199	17,607	5,326	106,132
Total other expenses	<u>764,960</u>	<u>58,678</u>	<u>211,138</u>	<u>1,034,776</u>	<u>663,281</u>	<u>64,086</u>	<u>149,422</u>	<u>876,789</u>
<b>Total functional expenses</b>	<u>\$ 2,404,692</u>	<u>\$ 294,038</u>	<u>\$ 575,991</u>	<u>\$ 3,274,721</u>	<u>\$ 2,285,502</u>	<u>\$ 310,400</u>	<u>\$ 412,313</u>	<u>\$ 3,008,215</u>

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

**CENTER FOR WOMEN & ENTERPRISE, INC.**

**STATEMENTS OF CASH FLOWS**

<b>For the years ended December 31,</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (134,376)	\$ 4,748
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	47,538	40,180
Provision for doubtful accounts	860	2,217
Deferred rent	(4,953)	(3,791)
Deferred revenue	7,500	(15,000)
Changes in operating assets and liabilities:		
Restricted cash	(15,182)	73,538
Accounts receivable, government grants	(36,960)	(198,426)
Pledges receivable	301,378	(273,980)
Microloans receivable, net	(11,829)	(106,886)
Prepaid expenses and other current assets	(863)	36,632
Accounts payable and accrued expenses	42,463	140,450
Total adjustments	<u>329,952</u>	<u>(305,066)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>195,576</u>	<u>(300,318)</u>
<b>Cash flows from investing activities:</b>		
Purchases of equipment and improvements	(33,590)	(21,504)
<b>Net cash used in investing activities</b>	<u>(33,590)</u>	<u>(21,504)</u>
<b>Cash flows from financing activities:</b>		
Advances on line of credit, net	74,700	208,000
Repayments on note payable, bank	(21,264)	(20,253)
Advances from notes payable, related parties	350,000	-
Repayments on notes payable, related parties	(200,000)	-
Advances on note payable, other	37,500	112,500
<b>Net cash provided by financing activities</b>	<u>240,936</u>	<u>300,247</u>
<b>Net increase (decrease) in cash</b>	<b>402,922</b>	<b>(21,575)</b>
<b>Cash, beginning of year</b>	<u>9,424</u>	<u>30,999</u>
<b>Cash, end of year</b>	<u>\$ 412,346</u>	<u>\$ 9,424</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 38,299</u>	<u>\$ 28,566</u>

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



# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### Description of Business

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

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

#### Basis of Presentation

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

#### Issued and Adopted Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not for Profit Entities. This pronouncement addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization adopted the ASU effective January 1, 2018, on a retrospective basis to all periods presented. See Note 13 for required disclosure on availability of financial assets and liquidity.

#### Use of Estimates

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

#### Concentration of Credit Risk

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

# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### **Restricted Cash**

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

#### **Accounts Receivable, Government Grants**

Accounts receivable from government grants reflect amounts invoiced for program services delivered during the fiscal reporting period that are due from the United States Small Business Administration ("SBA") and other local governmental agencies. Collectability of such amounts is evaluated on a periodic basis and amounts are written off when deemed uncollectible. At December 31, 2018 and 2017, CWE considers amounts recorded as accounts receivable, government grants to be fully collectible. Accordingly, no allowance for doubtful accounts was recorded.

#### **Pledges Receivable**

Pledges receivable include unconditional promises to give, contributions and grants received from individuals, private industry, foundations, and local government agencies, subject to a discount if applicable. Contributions may be designated by the donor for a specific purpose or given without donor restrictions. Amounts are recorded in the appropriate net asset category, at the time a donor makes a promise that is, in substance, unconditional. Amounts collectible beyond one year from the pledge date are reported at their present value. As of December 31, 2018 and 2017 the present value discount on long-term pledge receivables was not material to the financial statements and therefore not recorded. Collectability of amounts are evaluated on a periodic basis and written off when deemed uncollectible. As necessary, CWE establishes an allowance for doubtful accounts based on prior experience and an analysis of specific contributions made. At December 31, 2018 and 2017, CWE has determined that an allowance for pledges receivable is not required.

#### **Microloans Receivable, Net**

CWE, from funds received from grants and a loan participation program (See Note 6), issues loans under their microloan initiative, a program designed to benefit low-income entrepreneurs in the state of Rhode Island. As part of this initiative, CWE issues loans to qualified applicants. Loans are stated at their principal balance plus miscellaneous fees, net of an allowance for loan losses. The loans are unsecured and require monthly payments with interest rates and maturity dates determined by CWE at the time the loan is entered into and subject to certain restrictions under the loan participation program. Accrual of interest on loans is discontinued when in the judgment of CWE the collectability of principal or interest becomes doubtful. Past due status is based on the contractual terms of the loan. Interest subsequently received on nonaccrual loans is either applied against principal or recorded as income based on CWE's judgment as to the collectability of principal. Interest accruals are resumed on such loans only when they are brought fully current as to principal and interest and when, in the judgment of CWE, the loans are estimated to be fully collectible. In 2018 and 2017, CWE has not accrued interest on any of the outstanding loan balances.

# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### **Microloans Receivable, Net (Continued)**

CWE evaluates its microloans receivable for collectability on a continuous basis and, if necessary, establishes an allowance for loan losses based on a number of factors, including current credit conditions and customer payment history. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for loan losses is established through a provision for doubtful accounts charged to functional expenses. Loan losses are charged against the allowance when CWE concludes the loan balance is un-collectable. Subsequent recoveries, if any, are credited to the allowance. At December 31, 2018 and 2017 the microloans receivable allowance amounted to \$13,316 and \$12,456, respectively.

#### **Equipment and Improvements, Net**

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

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

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

CWE evaluates equipment and improvements for impairment annually and will record adjustments necessary to reflect the effect of any impairment. CWE has not recognized any impairment charges on equipment and improvements as of December 31, 2018 and 2017.

#### **Deferred Rent**

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

#### **Net Assets**

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

# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### Net Assets (Continued)

##### **Net Assets Without Donor Restrictions**

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

##### **Net Assets with Donor Restriction**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

#### **Support and Revenue**

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

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

Contributions, including unconditional promises to give, are recognized as support in the period received. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional, which is at the time the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Multi-year pledges are recorded at the present value of future cash flows using a discount rate, adjusted for market conditions, to estimate fair value. Support that is with donor restrictions by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction, until the restriction lapses or is satisfied, at which time, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skill, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, and are recorded at their fair market values when the donated services are provided.

# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### Income Taxes (Continued)

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

GAAP prescribes the threshold a tax position is required to meet before being recognized in the financial statements. The tax-exempt status of an entity is considered a tax position. An additional liability for uncertain tax positions (“UTPs”) is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet this threshold. Any interest and penalties related to UTPs are recorded as a component of income tax expense. CWE has reviewed its income tax positions and has not identified any material UTPs, including any tax positions that would jeopardize its tax exempt status, and thus has not recorded a liability at December 31, 2018 or 2017.

CWE’s income tax returns are subject to examination by taxing authorities. CWE is no longer subject to examinations by tax authorities for years prior to 2015. Currently, there are no income tax audits in process.

The Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into law on December 22, 2017. Under the new law, deductions for qualified transportation benefits, except as necessary for ensuring safety of an employee, were eliminated. Therefore, effective January 1, 2018, tax-exempt employers will be subject to the tax on unrelated business income for any qualified transportation benefits provided to employees. The financial impact of this change in tax law was not material to the financial statements as a whole for the year ended December 31, 2018.

#### Functional Allocation of Expenses

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

#### Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation. These reclassifications had no impact on previously reported net assets or change in net assets.

#### Subsequent Events

CWE has evaluated subsequent events through June 28, 2019, the date the financial statements were approved and authorized for issuance by management, and determined that, except as disclosed herein, there have been no subsequent events that would require recognition in the financial statements or disclosure in the notes to the financial statements.

# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 2 - Equipment and Improvements, Net

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

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 168,445	\$ 168,446
Software	191,617	186,327
Furniture and fixtures	73,949	73,949
Computer equipment	28,301	-
Leasehold improvements	<u>22,910</u>	<u>22,910</u>
	485,222	451,632
Less accumulated depreciation	<u>354,218</u>	<u>306,680</u>
	<u>\$ 131,004</u>	<u>\$ 144,952</u>

### Note 3 - Lines of Credit

CWE has a working capital line of credit (“LOC”) with a bank with a borrowing limit of \$600,000. Advances under the line of credit bear interest at the Wall Street Journal prime rate plus 1%, subject to a floor of 5.25%. The applicable interest rates are 6.50% and 5.50% at December 31, 2018 and 2017, respectively. CWE is subject to certain financial and administrative covenants under the LOC, the most restrictive of which is that CWE must have no outstanding balance under the LOC for a minimum of 30 consecutive days within a one-year term. At December 31, 2018, CWE was not in compliance with this covenant and received a waiver on the covenant from the bank. The LOC is secured by substantially all of CWE's assets. At December 31, 2018 and 2017, the outstanding balance on the LOC was approximately \$600,000.

The LOC agreement was amended in March 2019 whereby the borrowing limit was reduced to \$300,000 and matures on March 8, 2020. Advances on the modified LOC will bear an interest rate at the Wall Street Journal prime rate plus 1%, subject to a floor of 5.50%.

In December 2018, the Organization entered into a second line of credit with the same bank with a borrowing limit of \$150,000 and a maturity date of June 7, 2019. Advances under the second line of credit bear no interest unless the Organization fails to comply with certain covenants. Advances on the second line of credit totaling \$75,000 were outstanding as of December 31, 2018, all of which were repaid subsequent to year end.

### Note 4 - Note Payable, Bank

CWE has a term loan with a bank in the amount of \$100,000. The term loan is payable in 60 monthly installments of \$1,899, including interest at a rate of 5.25%. The term loan matures on August 4, 2019 and is subject to the same collateral and administrative covenant provisions as the LOC (Note 3). At December 31, 2018 and 2017, the outstanding balance was \$15,214 and \$36,478, respectively.

## CENTER FOR WOMEN & ENTERPRISE, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Note 4 - Note Payable, Bank (Continued)**

The following is a summary of the principal payments due after December 31, 2018:

2019	\$	15,214
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In March 2019, CWE entered into a \$300,000 term loan with the same bank, all of which was used to pay down the LOC. The new term loan is payable in 120 monthly installments of principal and interest, including a fixed interest at rate of 6.50%. The new term loan matures on March 8, 2024 and is subject to certain collateral, financial and administrative covenant provisions common to such agreements (See Note 3).

#### **Note 5 - Notes Payable, Related Parties**

During 2018, CWE entered into seven short-term notes payable totaling \$350,000, which bear interest at rates of 5.25% or 4.75%, with certain members of the Board of Directors. Four of the notes were repaid during 2018 and four notes totaling \$150,000 remained outstanding at December 31, 2018 and were subsequently paid in January 2019. Interest expense on the notes payable, related parties amounted to \$833 for the year ended December 31, 2018.

#### **Note 6 - Note Payable, Other**

In connection with its Microloan program, CWE entered into a loan participation program (“LPP”) with the Rhode Island Commerce Corporation (“RICC”) during 2017. During 2018, the agreement was amended which resulted in an additional \$50,000 of loan proceeds. As amended CWE’s participation in the LPP is as follows; RICC advanced CWE \$200,000, of which \$150,000 is to be used for the issuance of microloans to qualifying applicants and \$50,000 is to be used by CWE for consulting with and advising applicants. The \$50,000 is not subject to repayment under the agreement of which \$12,500 and \$37,500 have been recorded in support and revenue in the statements of activities and changes in net assets at December 31, 2018 and 2017, respectively. The \$150,000 advanced to CWE is interest free. Under the LPP, CWE may issue microloans that can range in size from \$2,000 to \$25,000 and bear interest at the prime rate plus 2%. The LPP expires on November 10, 2023, at which time the \$150,000, less any applicant loans that were uncollectible, as defined in the agreement, are due to RICC. At December 31, 2018 and 2017, \$150,000 and \$112,500 is included in note payable, other, respectively, on the statement of financial position. CWE is subject to certain financial and administrative covenants under the LPP.

# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 7 - Net Assets with Donor Restrictions

At December 31, 2018 and 2017, net assets with donor restrictions subject to passage of time consist of the following:

	<u>2018</u>	<u>2017</u>
Time restricted	\$ 282,186	\$ 278,113
Program services	215,500	292,000
Auction event	85,335	93,500
Technology infrastructure	-	13,583
	<u>\$ 583,021</u>	<u>\$ 677,196</u>

Net assets were released from donor restrictions during the years ended December 31, 2018 and 2017 by incurring expenses satisfying the restricted purposes the passage of time or by the occurrence of other actions specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Expiration of time restriction	\$ 292,000	\$ 258,500
Program services	114,363	282,500
Auction event	76,665	51,500
Technology infrastructure	13,583	20,000
	<u>\$ 496,611</u>	<u>\$ 612,500</u>

### Note 8 - Contingencies

During the years ended December 31, 2018 and 2017, CWE received approximately 33% and 34%, respectively, of its total support and revenue from the SBA. Funding from the SBA is routinely subject to audit. Based on CWE's past experience and in the opinion of management, the results of such audits will not have a material effect on the financial position of CWE as of December 31, 2018 and 2017, or on the changes in its net assets for the years then ended.

### Note 9 - Operating Leases

CWE leases office facilities in Boston and Westborough, Massachusetts, Providence, Rhode Island, Nashua, New Hampshire, Burlington, Vermont and certain office equipment under non-cancelable operating leases expiring through September 2021. The various leases require minimum annual rents plus additional rents for real estate taxes and certain other operating costs, as defined in the leases. Rent expense for the office facilities amounted to approximately \$348,000 and \$350,000 for the years ended December 31, 2018 and 2017, respectively.



**CENTER FOR WOMEN & ENTERPRISE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9 - Operating Leases (Continued)**

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

2019	\$ 303,681
2020	70,402
2021	<u>18,399</u>
	<u>\$ 392,482</u>

**Note 10 - Donated Goods and Services**

The value of donated goods and services are reported in the accompanying financial statements as donated goods and services revenue with offsetting expenses included in program services or offsetting assets included in the statements of financial position, if applicable. For the years ended December 31, 2018 and 2017, donated goods and services are as follows:

	<u>2018</u>	<u>2017</u>
Expenses:		
Program instructors and consultants	<u>\$ 132,229</u>	<u>97,749</u>
Total donated goods and services revenue	<u>\$ 132,229</u>	<u>\$ 97,749</u>

**Note 11 - Retirement Savings Plans**

CWE sponsors a 401(k) Retirement Savings Plan. Eligible employees may make pre-tax contributions under salary reduction agreements subjects to limits established by the Internal Revenue Code.

**Note 12 - Related Party Transactions**

For the years ended December 31, 2018 and 2017, included in support and revenue is approximately \$135,000 and \$203,000, respectively, of donations and pledges from members of the Board of Directors.

At December 31, 2018 and 2017, included in pledges receivable is approximately \$172,000 and \$178,000, respectively, of pledges from members of the Board of Directors.

# CENTER FOR WOMEN & ENTERPRISE, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 13 - Liquidity and Availability

As of December 31, 2018 and 2017, financial assets and liquid resources available for general expenditures, that is, without donor or other restriction limiting their use, within 1 year of the statement of financial position dates, were as follows:

	<u>2018</u>	<u>2017</u>
Cash	\$ 412,346	\$ 9,424
Restricted cash	21,651	6,469
Accounts receivable, government grants	297,884	260,924
Pledges receivable	496,069	797,447
Microloans receivable	<u>125,877</u>	<u>114,908</u>
Total financial assets:	1,353,827	1,189,172
Less: Pledges receivable to be collected in more than one year	(170,500)	(192,500)
Less: Assets committed to microloans	<u>(147,528)</u>	<u>(121,377)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,035,799</u>	<u>\$ 875,295</u>

CWE's working capital and cash flows have seasonal variations to the payment schedule associated with government contracts and the concentration of philanthropic giving in the last quarter of the year. CWE has access to a line of credit to help manage cash flow. CWE has \$1,035,799 in financial assets as of the balance sheet date, reduced by the amounts not available for use within one year which include multi-year pledges that extend beyond 2019 and the financial assets associated with one of the microloan funds. In the first quarter of 2019, CWE converted \$300,000 of its current line of credit into a term loan which positions the Organization to have sufficient current assets to meet its current liabilities. CWE also reduced its line of credit balance to zero in the first quarter of 2019 which will allow CWE to access the line of credit to meet cash flow needs later in the year.

In addition to the financial assets available to meet general expenditures over the next 12 months, CWE operates with board approved budgets and anticipates collecting sufficient revenue to cover general ongoing expenditures. Refer to the statement of cash flows, which identifies sources and uses of CWE's cash and shows positive cash generated from operations for the year ended December 31, 2018.

## SUPPLEMENTARY INFORMATION

**CENTER FOR WOMEN & ENTERPRISE, INC.**

**SCHEDULE OF PROGRAM SERVICES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**CENTER FOR WOMEN & ENTERPRISE, INC.**

**SCHEDULE OF PROGRAM SERVICES**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Education Programs						Certifications	Total Program Services
	Eastern Massachusetts	Rhode Island	Central Massachusetts	New Hampshire	Vermont	Total		
Salaries and wages	\$ 176,926	\$ 342,564	\$ 165,016	\$ 120,674	\$ 146,202	\$ 951,382	\$ 137,822	\$ 1,089,204
Payroll taxes and benefits	32,587	71,501	24,040	17,111	22,506	167,745	28,510	196,255
Rent and utilities	124,329	78,846	25,563	40,682	36,260	305,680	31,082	336,762
Consultants and professional fees	3,275	20,507	7,730	25,446	7,432	64,390	3,275	67,665
Credit card and bank charges	5	60	1	-	-	66	7,001	7,067
Depreciation and amortization	10,299	8,928	4,464	4,464	4,464	32,619	4,464	37,083
Dues and publications	1,491	4,115	1,425	2,028	3,235	12,294	1,457	13,751
Equipment rental and maintenance	6,877	6,880	6,791	7,921	4,215	32,684	-	32,684
General and liability insurance	1,327	2,657	1,327	1,327	1,327	7,965	1,327	9,292
Instructor fees and program consultants	103,422	69,655	10,244	12,600	14,804	210,725	3,778	214,503
Interest expense	3,673	7,344	3,673	3,673	3,673	22,036	3,673	25,709
Marketing and public relations	3,554	4,091	1,934	1,518	712	11,809	1,494	13,303
Office supplies and expenses	1,373	21,511	2,340	2,872	5,285	33,381	1,594	34,975
Postage	201	1,027	250	736	47	2,261	-	2,261
Program and course materials	3,264	5,163	1,527	1,986	1,148	13,088	-	13,088
Program events	-	3,712	-	-	-	3,712	27,009	30,721
Provision for doubtful accounts	-	2,217	-	-	-	2,217	-	2,217
Software maintenance contracts	7,857	14,264	8,689	8,569	8,651	48,030	2,000	50,030
Telecommunications expense	2,595	3,237	1,917	2,113	1,770	11,632	175	11,807
Training and development	8,595	5,331	-	-	-	13,926	-	13,926
Travel, meals, and lodging	4,799	30,931	4,593	11,407	13,804	65,534	17,665	83,199
<b>Total program service expenses</b>	<b>\$ 496,449</b>	<b>\$ 704,541</b>	<b>\$ 271,524</b>	<b>\$ 265,127</b>	<b>\$ 275,535</b>	<b>\$ 2,013,176</b>	<b>\$ 272,326</b>	<b>\$ 2,285,502</b>