



**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**



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# **CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN**

## **INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Clare Boothe Luce Center for Conservative Women  
Herndon, Virginia

We have audited the accompanying financial statements of Clare Boothe Luce Center for Conservative Women, a not-for-profit organization, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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.

### ***Auditors' 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 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 entity'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 entity'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 Clare Boothe Luce Center for Conservative Women as of December 31, 2020 and 2019, 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.

Burdette Smith & Bish, LLC

Fairfax, Virginia  
May 18, 2021

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 348,605	\$ 373,400
Contributions receivable, net .....	173,636	207,293
Book inventory .....	50,000	-
<b>Total Current Assets</b> .....	<b>572,241</b>	<b>580,693</b>
<b>PROPERTY AND EQUIPMENT, AT COST</b> .....	1,923,813	1,830,587
Less: accumulated depreciation and amortization .....	(411,065)	(348,904)
	1,512,748	1,481,683
<b>INVESTMENTS</b> .....	1,562,015	1,490,690
<b>OTHER ASSETS</b>		
Contributions receivable, net .....	635,270	592,245
Other assets .....	5,512	30,450
Beneficial interest in trusts .....	140,921	137,037
	781,703	759,732
<b>TOTAL ASSETS</b> .....	<b>\$ 4,428,707</b>	<b>\$ 4,312,798</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses .....	\$ 21,915	\$ 87,865
Current portion of note payable .....	20,858	19,598
Current portion of gift annuities payable .....	1,315	1,595
Current portion of capital lease payable .....	1,467	2,344
<b>Total Current Liabilities</b> .....	<b>45,555</b>	<b>111,402</b>
<b>LONG-TERM LIABILITIES</b>		
Note payable (net of current portion) .....	7,365	28,335
Gift annuities payable (net of current portion) .....	9,556	11,263
Capital lease payable (net of current portion) .....	-	668
	16,921	40,266
<b>NET ASSETS</b>		
Without donor restrictions .....	2,370,083	2,219,906
With donor restrictions .....	1,996,148	1,941,224
	4,366,231	4,161,130
<b>TOTAL LIABILITIES AND NET ASSETS</b> .....	<b>\$ 4,428,707</b>	<b>\$ 4,312,798</b>

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

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions .....	\$ 1,010,915	\$ 266,368	\$ 1,277,283
Grants .....	44,000	-	44,000
Contributed investments .....	51,177	41,564	92,741
Investment income .....	139,215	47,119	186,334
Other income .....	1,578	-	1,578
	1,246,885	355,051	1,601,936
Net assets released from restrictions ...	304,011	(304,011)	-
	1,550,896	51,040	1,601,936
<b>EXPENSES</b>			
Program services			
Public information .....	499,263	-	499,263
Special projects .....	225,616	-	225,616
Total Program Services .....	724,879	-	724,879
General and administrative .....	547,803	-	547,803
Fundraising .....	128,256	-	128,256
	1,400,938	-	1,400,938
<b>CHANGES IN NET ASSETS</b>			
FROM OPERATIONS .....	149,958	51,040	200,998
CHANGE IN VALUE OF TRUSTS .....	-	3,884	3,884
CHANGE IN VALUE OF ANNUITIES .....	219	-	219
	219	3,884	4,103
CHANGE IN NET ASSETS .....	150,177	54,924	205,101
NET ASSETS, BEGINNING OF YEAR .....	2,219,906	1,941,224	4,161,130
NET ASSETS, END OF YEAR .....	\$ 2,370,083	\$ 1,996,148	\$ 4,366,231

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

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions .....	\$ 854,513	\$ 413,000	\$ 1,267,513
Grants .....	31,500	-	31,500
Contributed investments .....	64,202	-	64,202
Honorarium contributions .....	8,800	-	8,800
Investment income .....	62,723	73,276	135,999
Other income .....	420	-	420
	1,022,158	486,276	1,508,434
Net assets released from restrictions .....	1,108,419	(1,108,419)	-
	2,130,577	(622,143)	1,508,434
<b>EXPENSES</b>			
Program services			
Public information .....	594,009	-	594,009
Special projects .....	435,052	-	435,052
Total Program Services .....	1,029,061	-	1,029,061
General and administrative .....	364,366	-	364,366
Fundraising .....	83,524	-	83,524
	1,476,951	-	1,476,951
<b>CHANGES IN NET ASSETS</b>			
FROM OPERATIONS .....	653,626	(622,143)	31,483
CHANGE IN VALUE OF TRUSTS .....	0	16,370	16,370
CHANGE IN VALUE OF ANNUITIES .....	(842)	-	(842)
	(842)	16,370	15,528
CHANGE IN NET ASSETS .....	652,784	(605,773)	47,011
NET ASSETS, BEGINNING OF YEAR .....	1,567,122	2,546,997	4,114,119
NET ASSETS, END OF YEAR .....	\$ 2,219,906	\$ 1,941,224	\$ 4,161,130

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

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets .....	\$ 205,101	\$ 47,011
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Donated stocks .....	(92,740)	(64,202)
Depreciation and amortization .....	62,160	31,843
Change in inventory .....	(50,000)	
Change in present value discount on contributions receivable ..	(123,575)	(19,877)
Change in value of annuities .....	(219)	842
Change in beneficial interest in trusts .....	(3,884)	(16,370)
(Gain) loss on dispositions .....	75,300	130,223
Realized (gain) loss on investments .....	(50,055)	(104,375)
Unrealized (gain) loss on investments .....	(104,425)	(124,094)
(Increase) decrease in:		
Contributions receivable .....	114,207	432,481
Other assets .....	24,938	(25,068)
Increase (decrease) in:		
Accounts payable and accrued expenses .....	(65,950)	74,552
	<u>(214,243)</u>	<u>315,955</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES .....</b>	<b><u>(9,142)</u></b>	<b><u>362,966</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Cash used to purchase property and equipment .....	(168,525)	(815,592)
Cash used to purchase investments .....	(31,248)	(522,448)
Cash proceeds from sale of investments .....	207,143	642,952
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES .....</b>	<b><u>7,370</u></b>	<b><u>(695,088)</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Payments on notes payable .....	(19,710)	(18,509)
Payments on lease obligations .....	(1,545)	(2,143)
Payments on gift annuities .....	(1,768)	(2,445)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES .....</b>	<b><u>(23,023)</u></b>	<b><u>(23,097)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ...</b>	<b>(24,795)</b>	<b>(355,219)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....</b>	<b>373,400</b>	<b>728,619</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR .....</b>	<b>\$ <u>348,605</u></b>	<b>\$ <u>373,400</u></b>
<b><u>SUPPLEMENTAL CASH FLOW INFORMATION</u></b>		
Cash paid for interest .....	\$ 3,515	\$ 4,125
<b><u>SUPPLEMENTAL NON-CASH ACTIVITIES</u></b>		
Donated stocks .....	\$ 92,740	\$ 64,202

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

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services		Total Program Services	General and Administrative	Fundraising	Total
	Public Information	Special Projects				
Accounting and legal .....	\$ -	\$ -	\$ -	\$ 66,495	\$ -	\$ 66,495
Advertising and marketing .....	10,890	2,239	13,129	-	326	13,455
Bank charges .....	-	5	5	470	3,828	4,303
Board meetings .....	-	-	-	737	-	737
Building costs .....	-	-	-	40,845	-	40,845
Calendars .....	-	16,849	16,849	-	900	17,749
Conferences .....	-	4,897	4,897	-	495	5,392
Consultants .....	1,500	464	1,964	68	741	2,773
Depreciation and amortization .....	-	-	-	62,160	-	62,160
Direct mail .....	122,175	-	122,175	-	46,492	168,667
Fees .....	-	-	-	8,400	-	8,400
Films, books and literature .....	814	926	1,740	158	-	1,898
Honorariums .....	-	12,990	12,990	-	-	12,990
House file mailings .....	29,052	-	29,052	400	21,981	51,433
Insurance .....	-	-	-	14,352	-	14,352
Interest expense .....	-	-	-	3,515	-	3,515
Internships .....	-	3,418	3,418	22	-	3,440
Meals and entertainment .....	108	4,129	4,237	-	86	4,323
Office .....	22,085	2,883	24,968	85,918	53	110,939
Payroll .....	291,056	171,425	462,481	163,168	37,266	662,915
Payroll taxes .....	-	-	-	42,842	-	42,842
Personal property tax .....	-	-	-	432	-	432
Photography .....	87	4	91	5	31	127
Postage, shipping and delivery .....	5,072	1,155	6,227	5,634	12,652	24,513
Printing .....	3,098	1,638	4,736	212	1,077	6,025
Public relations .....	871	-	871	91	989	1,951
Real estate tax .....	-	-	-	17,339	-	17,339
Rent and occupancy .....	123	-	123	28,388	-	28,511
Software .....	1,969	-	1,969	1,094	1,339	4,402
Technology .....	4,279	1,937	6,216	5,058	-	11,274
Telecommunications .....	2,440	-	2,440	-	-	2,440
Travel .....	3,644	657	4,301	-	-	4,301
	<u>\$ 499,263</u>	<u>\$ 225,616</u>	<u>\$ 724,879</u>	<u>\$ 547,803</u>	<u>\$ 128,256</u>	<u>\$ 1,400,938</u>

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



# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services		Total Program Services	General and Administrative	Fundraising	Total
	Public Information	Special Projects				
Accounting and legal .....	\$ -	\$ -	\$ -	\$ 32,815	\$ -	\$ 32,815
Advertising and marketing .....	3,399	327	3,726	780	80	4,586
Bank charges .....	-	201	201	8,869	9	9,079
Board meetings .....	-	-	-	8,578	-	8,578
Building costs .....	-	-	-	1,674	-	1,674
Calendars .....	-	14,572	14,572	-	662	15,234
Conferences .....	-	194,600	194,600	-	-	194,600
Consultants .....	-	500	500	656	300	1,456
Depreciation and amortization .....	7,642	7,642	15,285	8,916	7,642	31,843
Direct mail .....	154,947	-	154,947	-	-	154,947
Fees .....	-	-	-	9,000	-	9,000
Films, books and literature .....	526	548	1,074	-	286	1,360
Honorariums .....	-	30,476	30,476	-	-	30,476
House file mailings .....	36,937	-	36,937	-	18,697	55,634
Insurance .....	-	-	-	14,284	-	14,284
Interest expense .....	-	-	-	4,125	-	4,125
Internships .....	-	8,583	8,583	-	-	8,583
Meals and entertainment .....	351	52	403	711	-	1,114
Newsletters .....	16,281	-	16,281	-	-	16,281
Office .....	93	423	516	21,828	-	22,344
Payroll .....	342,155	160,811	502,966	144,268	37,817	685,051
Payroll taxes .....	-	-	-	44,701	-	44,701
Personal property tax .....	-	-	-	2,083	-	2,083
Photography .....	28	3,965	3,993	-	-	3,993
Postage, shipping and delivery .....	25	-	25	4,451	3,945	8,421
Printing .....	8,143	1,400	9,543	2,765	10,880	23,188
Public relations .....	2,089	25	2,114	348	1,810	4,272
Real estate tax .....	-	-	-	19,183	-	19,183
Rent and occupancy .....	586	-	586	25,171	392	26,149
Software .....	-	-	-	1,695	1,004	2,699
Supplies and miscellaneous .....	-	40	40	711	-	751
Technology .....	5,772	-	5,772	5,420	-	11,192
Telecommunications .....	2,737	-	2,737	-	-	2,737
Travel .....	12,297	10,887	23,184	1,334	-	24,518
	<u>\$ 594,009</u>	<u>\$ 435,052</u>	<u>\$ 1,029,061</u>	<u>\$ 364,366</u>	<u>\$ 83,524</u>	<u>\$ 1,476,951</u>

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

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 1 – Organization and Summary of Significant Accounting Policies

Clare Boothe Luce Center for Conservative Women (the “Center”) is a not-for-profit organization established in May 1993. The Center prepares and promotes conservative women leaders. The Center is located in Herndon, Virginia.

The Center’s two main programs are public information and special projects. The public information program focuses on the Center’s media and communication activities such as the Center’s website, radio and TV appearances, policy papers, articles, publication of *Great American Conservative Women Calendar*, media directories, periodicals and mailings. The special projects program focuses on outreach and research activities including the college campus speaker program, seminars, conferences, mentoring lunches, Conservative Women’s Network lunches and the Center’s internship program.

#### **Basis of Accounting**

The accompanying financial statements are presented in accordance with the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations.

#### **Financial Statement Presentation**

To ensure the observance of limitations and restrictions placed on the use of resources available to the Center, resources for various purposes are classified for accounting purposes into classes established according to their nature and purpose as follows:

**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 the Center's management and the board of directors.

**Net assets with donor restrictions** - 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 Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

#### **Cash Equivalents**

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents. The Center maintains cash balances which may exceed federally insured limits. Management does not believe that this results in any significant credit risk.

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 1 – Organization and Summary of Significant Accounting Policies, continued

#### Revenue Recognition

Revenues are measured based on consideration specified in a contract with a customer. The Center recognizes revenue when it satisfies a performance obligation by transferring control over a promised good or service to a customer. The Center evaluated each category of their revenue and determined that the principal activities generating revenue do not have exchange elements and therefore, are not considered contracts with customers.

#### Contributions

Unconditional contributions, including unconditional promises to give and notification of a beneficial interest, are recognized as revenue in the period received.

A contribution, gift, or grant is conditional if an agreement includes a barrier that must be overcome and, either a right of return of assets transferred, or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome.

Unconditional contributions with no purpose or time restrictions are reported as revenue without donor restrictions.

Unconditional contributions with donor-imposed restrictions that limit the use of the asset are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction. However, for unconditional donor-restricted contributions that were initially conditional, if donor-imposed restrictions are met in the same year that they become unconditional, the revenues are reported as revenues without donor restrictions on the statement of activities. Contributions restricted for the acquisition of plant and equipment are released from restriction when the asset is placed in service.

Contributions of assets other than cash, including long-lived assets, are recorded at their estimated fair value, which is determined based on the present value of future cash flows as described later in this note using level 3 inputs. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions receivable are recorded at estimated fair value on the date the donor's unconditional promise to contribute is made using the present value of future cash flows. Contributions receivable are not measured at fair value subsequent to initial measurement.

The Center uses the allowance method for recording bad debt expense. Management periodically reviews the aged receivables and adjusts the allowance to reflect the current estimate of future bad debt expense. Allowances are based on past loss experience and current economic conditions. There was no allowance for the years ended December 31, 2020 and 2019. The Center writes off uncollectible receivables when management determines it will not be collected.

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 1 – Organization and Summary of Significant Accounting Policies, continued

#### ***Investments***

Investments consist of equity securities, mutual funds and money market funds. The investments are stated at fair value as determined by quoted market prices on the last business day of the year. Interest, dividends and realized gains or losses are recorded when earned or sustained. Fluctuations in the market value of the portfolio are recorded as unrealized gains or losses in the accompanying statements of activities.

#### ***Fair Value of Financial Instruments***

The Center values investments and beneficial interests in trusts at fair value in accordance with a three-tiered fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
- Level 3: Unobservable inputs in which there is little or no market data and which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. There have been no changes to the fair market methodologies used at December 31, 2020 and 2019. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying amounts for cash and cash equivalents, accounts payable, accrued liabilities and current maturities of long-term borrowing approximate fair market value because of the short maturity of these instruments. The carrying amount of long-term debt approximates fair market value because the interest rate on the instrument is consistent with rates offered for debt with similar terms and maturities.

#### ***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Receivables expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate is computed using a risk-free rate as of the date of the pledge plus an added rate of risk adjustment of 0.5%. The discount rates used as of December 31, 2020 and 2019 range from 1.2% to 3.9%. Amortization of the discount is included in contribution revenue.

All accounts or portions thereof that are deemed to be uncollectible or require excessive collection cost, are written off to the allowance for doubtful accounts. However, no allowance for doubtful accounts has been recorded as of December 31, 2020 and 2019.

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 1 – Organization and Summary of Significant Accounting Policies, continued

#### **Property and Equipment**

Property and equipment (including major renewals, replacements and betterments), with a cost of \$2,000 or more, are capitalized and stated at cost. Expenditures for ordinary maintenance and repair items are charged to operations as incurred. Upon the sale, or other disposition of property, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the changes in net assets. Depreciation is provided for principally under the straight-line method. Asset useful lives are from five to forty years. Leasehold improvements are amortized under the straight-line method over the lease term.

#### **Inventory**

Inventory consists of books which are valued at the lower of cost or market using the "first in, first out" method. The inventory costs associated with book production consists of conceptualization, research, writing assistance, and editing. The provisions to reflect inventory at the lower of cost or market are recorded through cost of sales.

In addition, the Center uses an agent who is responsible for all fulfillment services for any books sold outside of what the Center contracted to purchase from the publisher. The agent remits any royalties for sales. Expected sales are to begin in 2021.

#### **Beneficial Interest in Trusts**

The Center is named as the beneficiary in a remainder trust held by a third party. The trust, which is invested in cash equivalents and mutual funds, is measured at the present value of the future distributions expected to be received over the term of the agreement using a payout rate of 5% and IRS actuarial tables.

#### **Gift Annuities**

Gift annuities are contracts between the Center and a donor in which the center agrees to pay the donor (or other person named by the donor) a lifetime annuity in return for a gift of cash or marketable securities. The assets received by the Center are recorded at fair market value at the date of the donation. A liability is recorded for the amount due to an income beneficiary of a gift annuity based on the present value of the estimated future payments to be distributed during the income beneficiary's expected life. The discount rates used range from 1% to 6% depending on the applicable discount rate at the time of the gift. Each year, the liability is re-measured and changes in the liability due to factors other than cash payments, such as changing life expectancies, are recorded as an increase or decrease to revenue and support.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the financial statements include the collectability of promises to give, the discount rates used to record net present value adjustment on long-term promises to give and the estimated useful lives of property and equipment.

#### **Advertising Costs**

Advertising costs are expensed as incurred. Total advertising costs were \$13,455 and \$4,586 for the years ended December 31, 2020 and 2019, respectively.

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 1 – Organization and Summary of Significant Accounting Policies, continued

#### Tax Exempt Status

The Center has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended and classified as other than a private foundation. However, income from certain activities not directly related to the Center’s tax-exempt purpose may be subject to taxation as unrelated business income.

Management has evaluated the Center’s tax positions and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Center is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years prior to 2017.

### NOTE 2 – Investments

Investments are stated at fair value using level 1 valuation methodology and consist of the following at December 31:

	<u>2020</u>		<u>2019</u>
Index mutual funds .....	\$ 896,405	\$	742,586
Equity securities .....	27,361		31,825
Fixed income mutual funds .....	637,260		594,616
Money market funds .....	989		121,663
	<u>\$ 1,562,015</u>	<u>\$</u>	<u>1,490,690</u>

Investment income is comprised of the following at December 31:

	<u>2020</u>		<u>2019</u>
Interest and dividends .....	\$ 31,855	\$	37,753
Realized and unrealized gains (losses) .....	154,479		98,246
	<u>\$ 186,334</u>	<u>\$</u>	<u>135,999</u>

### NOTE 3 – Contributions Receivable

Receivables consist of the following at December 31:

	<u>2020</u>		<u>2019</u>
Due in one year or less .....	\$ 173,636	\$	207,293
Due in two to five years .....	284,000		103,000
Due in more than five years .....	533,950		795,500
	<u>991,586</u>		<u>1,105,793</u>
Less: allowance for doubtful collections .....	-		-
Less: discount to net present value .....	(182,680)		(306,255)
	<u>\$ 808,906</u>	<u>\$</u>	<u>799,538</u>
	<u>2020</u>		<u>2019</u>
Current portion .....	\$ 173,636	\$	207,293
Long-term portion .....	635,270		592,245
	<u>\$ 808,906</u>	<u>\$</u>	<u>799,538</u>

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 3 – Contributions Receivable, continued

The discount on contribution receivables was calculated using discount rates ranging from 1.2% - 3.9% for the years ended December 31, 2020 and 2019. Bad debt expense recognized on contributions receivable totaled \$0- and \$28,000 for the years ended December 31, 2020 and 2019, respectively.

Three receivables totaled 95% of total receivables at December 31, 2020. Three receivables totaled 94% of total receivables at December 31, 2019.

### NOTE 4 – Beneficial Interest in Trusts

Beneficial interest in trusts are stated at fair value using level 2 valuation methodology and consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Remainder trust .....	\$ 140,921	\$ 137,037

Beneficial interest in trusts, which is invested in money market and mutual funds, is measured at the present value using the risk adjusted discount rate of the future distributions expected to be received over the term of the agreements.

### NOTE 5 – Property and Equipment

Property and equipment, at cost, and the related accumulated depreciation and amortization as of December 31 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Land .....	\$ 157,085	\$ 157,085
Building and improvements .....	1,537,315	1,394,863
Equipment .....	106,206	107,501
Furniture and fixtures .....	88,831	141,722
Signage .....	4,960	-
Software .....	29,416	29,416
	1,923,813	1,830,587
Less: accumulated depreciation and amortization .....	(411,065)	(348,904)
	\$ 1,512,748	\$ 1,481,683

Depreciation and amortization expense totaled \$62,160 and \$31,843 for the years ended December 31, 2020 and 2019, respectively.

### NOTE 6 – Capital Leases

The Center has a capital lease agreement for a telephone system totaling \$10,406 which expires in 2021. The present value of future minimum lease payments at December 31, 2020 is as follows:

2021 .....	\$ 1,511	712
Amount representing interest .....	(44)	(44)
Current Portion .....	\$ 1,467	668

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 6 – Capital Leases, continued

The net book value of the equipment recorded in the financial statements for the years ending December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Cost of Equipment .....	\$ 10,906	\$ 10,906
Less: Accumulated depreciation .....	<u>(9,815)</u>	<u>(7,634)</u>
	<u>\$ 1,091</u>	<u>\$ 3,272</u>

### NOTE 7 – Note Payable

The Center has a note payable in the original amount of \$214,304, which is payable in monthly installments of principal and interest of \$1,849 for 180 months at an interest rate of 6.25%. The note, which matures on March 6, 2023, is secured by the Center's property.

The outstanding note payable is as follows at December 31:

	<u>2020</u>	<u>2019</u>
Note payable .....	<u>\$ 28,223</u>	<u>\$ 47,933</u>
Current maturities .....	\$ 20,858	\$ 19,598
Long-term maturities .....	<u>7,365</u>	<u>28,335</u>
	<u>\$ 28,223</u>	<u>\$ 47,933</u>

Long-term debt maturities for the year ending December 31 are as follows:

2022 .....	\$ <u>7,365</u>
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Interest expense for the years ended December 31, 2020 and 2019 totaled \$3,515 and \$4,125, respectively.

### NOTE 8 – Net Assets

Net assets that are perpetual in nature consist of endowment funds to be held indefinitely, the income from which is expendable to support the Center's internships. Time restricted net assets consist of the cumulative income earned on the restricted funds that are perpetual in nature less expenditures for internships and funds that are restricted for construction costs on a new office suite.



# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 9 – Endowment Funds

The Center’s endowment consists of three donor-restricted funds. One is to provide funding for an annual internship. The second is to provide funding for general operations. The third is to provide funding for the Center’s lecture series. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The internship endowment has been fully funded. The general endowment was created with a pledge in 2012 that will be paid over several years starting in 2013. The lecture series endowment will be paid over several years starting on the first anniversary of the donor’s death. Investment income will be allocated to the funds based on amounts actually received and invested. Investment income related to the internship and lecture series is temporarily restricted.

#### Interpretation of Relevant Law

Management of the Center has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center 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 the Center 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 the Center
7. The investment policies of the Center

Changes in endowment net assets for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year .....	\$ 1,388,158	\$ 1,384,934
Net investment income and present value adjustment .....	<u>123,552</u>	<u>3,224</u>
Endowment net assets, end of year .....	<u>\$ 1,511,710</u>	<u>\$ 1,388,158</u>

The portion of endowment funds that is required to be retained either by explicit donor stipulation, or by UPMIFA in perpetuity, totaled \$1,511,710 and \$1,388,158 at December 31, 2020 and 2019, respectively.

# CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

### NOTE 9 – Endowment Funds, continued

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA required the Center to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020 and 2019.

#### Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold for a donor-specified period. Under this policy, as approved by management, the endowment assets are invested in a manner that is intended to protect the principal investment while at the same time attaining a competitive rate of return. The Center expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a return strategy in which investment returns are achieved through current yield (interest and dividends).

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center has a policy of appropriating for distribution each year the income earned on the endowment funds. In establishing this policy, the Center considered the long-term expected return on its endowment. Accordingly, over the long-term, the Center expects the current spending policy to remain consistent. This is consistent with the Center's objective to preserve the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

### NOTE 10 – Pension Plan

The Center offers a tax-sheltered Section 403(b) annuity plan to its employees, allowing them to defer a portion of their compensation on a pre-tax basis. All employees are eligible for participation. No contributions are made by the Center to the plan.

### NOTE 11 – Availability and Liquidity of Resources

The Center's financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position, are as follows:

Cash and cash equivalents .....	\$	348,605
Contributions receivable .....		41,036
Investments .....		23,706
Net Financial Assets Available Within One Year .....	\$	<u>413,347</u>

As part of liquidity management, the Center has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, as part of liquidity management, the Center invests cash in short-term investments, including money market accounts, stocks, and exchange traded funds. The Center's financial assets available at December 31, 2020 are sufficient to cover all of its obligations.

# **CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN**

## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019**

### **NOTE 12 – Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, general and administrative and fundraising activities based on level of effort. Such allocations are determined by management on an equitable basis.

### **NOTE 13 – COVID-19**

The World Health Organization announced a global health emergency due to a new strain of the coronavirus (COVID-19), which became a global pandemic in March 2020 and has resulted in unprecedented actions by governments around the world to curtail the spread of the virus. These events have resulted in a high level of uncertainty and volatility in the financial markets. COVID-19 has had an enormous impact on business organizations, and consumers in all sectors. The Center qualified as an exempt organization from Virginia's shutdown orders. The Center followed established safety guidelines and was able to continue operations without interruption.

### **NOTE 14 – Subsequent Events**

On April 20, 2021, the Center paid off the balance of the note payable referenced in Note 7.

The Center has evaluated subsequent events through May 18, 2021, the date the financial statements were available to be issued and has determined that all subsequent events that require recognition or disclosure in the financial statements have been appropriately reflected.