



**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**



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CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

CONTENTS

Independent Auditors' Report	1
Statements of Financial Position	
December 31, 2021 and 2020	2
Statements of Activities	
For the Years Ended December 31, 2021 and 2020	3 - 4
Statements of Cash Flows	
For the Years Ended December 31, 2021 and 2020	5
Statements of Functional Expenses	
For the Years Ended December 31, 2021 and 2020	6 - 7
Notes to Financial Statements	8 - 16



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, 2021 and 2020, 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, 2021 and 2020, 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 16, 2022

CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 477,343	\$ 348,605
Contributions receivable, net	104,480	173,636
Prepaid expenses	46,152	4,770
Book inventory	67,179	50,000
Total Current Assets	695,154	577,011
PROPERTY AND EQUIPMENT, AT COST	1,922,824	1,923,813
Less: accumulated depreciation and amortization	(469,560)	(411,065)
	1,453,264	1,512,748
INVESTMENTS	2,630,363	1,562,015
OTHER ASSETS		
Contributions receivable, net	394,181	635,270
Other assets	742	742
Beneficial interest in trusts	151,639	140,921
	546,562	776,933
TOTAL ASSETS	\$ 5,325,343	\$ 4,428,707
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 30,804	\$ 21,915
Current portion of note payable	-	20,858
Current portion of gift annuities payable	1,580	1,315
Current portion of capital lease payable	-	1,467
Total Current Liabilities	32,384	45,555
LONG-TERM LIABILITIES		
Note payable (net of current portion)	-	7,365
Gift annuities payable (net of current portion)	13,470	9,556
	13,470	16,921
NET ASSETS		
Without donor restrictions	3,494,781	2,370,083
With donor restrictions	1,784,708	1,996,148
	5,279,489	4,366,231
TOTAL LIABILITIES AND NET ASSETS	\$ 5,325,343	\$ 4,428,707

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,795,178	\$ 15,640	\$ 1,810,818
Grants	39,500	-	39,500
Contributed investments	85,983	23,672	109,655
Investment income	187,414	72,470	259,884
Other income	1,739	-	1,739
	2,109,814	111,782	2,221,596
Net assets released from restrictions ...	333,940	(333,940)	-
	2,443,754	(222,158)	2,221,596
EXPENSES			
Program services			
Public information	469,496	-	469,496
Special projects	280,586	-	280,586
Total Program Services	750,081	-	750,081
General and administrative	425,823	-	425,823
Fundraising	142,548	-	142,548
	1,318,453	-	1,318,453
CHANGES IN NET ASSETS			
FROM OPERATIONS	1,125,301	(222,158)	903,143
CHANGE IN VALUE OF TRUSTS	-	10,718	10,718
CHANGE IN VALUE OF ANNUITIES	(603)	-	(603)
	(603)	10,718	10,115
CHANGE IN NET ASSETS	1,124,698	(211,440)	913,258
NET ASSETS, BEGINNING OF YEAR	2,370,083	1,996,148	4,366,231
NET ASSETS, END OF YEAR	\$ 3,494,781	\$ 1,784,708	\$ 5,279,489

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
SUPPORT AND REVENUE			
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
	<u>1,246,885</u>	<u>355,051</u>	<u>1,601,936</u>
Net assets released from restrictions ...	304,011	(304,011)	-
	<u>1,550,896</u>	<u>51,040</u>	<u>1,601,936</u>
EXPENSES			
Program services			
Public information	499,263	-	499,263
Special projects	225,616	-	225,616
Total Program Services	<u>724,879</u>	<u>-</u>	<u>724,879</u>
General and administrative	547,803	-	547,803
Fundraising	128,256	-	128,256
	<u>1,400,938</u>	<u>-</u>	<u>1,400,938</u>
CHANGES IN NET ASSETS FROM OPERATIONS			
	<u>149,958</u>	<u>51,040</u>	<u>200,998</u>
CHANGE IN VALUE OF TRUSTS	-	3,884	3,884
CHANGE IN VALUE OF ANNUITIES	219	-	219
	<u>219</u>	<u>3,884</u>	<u>4,103</u>
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	<u>\$ 2,370,083</u>	<u>\$ 1,996,148</u>	<u>\$ 4,366,231</u>

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ <u>913,258</u>	\$ <u>205,101</u>
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Donated stocks	(109,655)	(92,740)
Depreciation and amortization	70,884	62,160
Change in prepaid expenses	(41,382)	24,938
Change in inventory	(17,179)	(50,000)
Change in present value discount on contributions receivable .	57,539	(123,575)
Change in value of annuities	603	(219)
Change in beneficial interest in trusts	(10,718)	(3,884)
(Gain) loss on dispositions	-	75,300
Realized (gain) loss on investments	(108,177)	(50,055)
Unrealized (gain) loss on investments	(120,721)	(104,425)
(Increase) decrease in:		
Contributions receivable	252,706	114,207
Increase (decrease) in:		
Accounts payable and accrued expenses	8,889	(65,950)
	<u>(17,211)</u>	<u>(214,243)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>896,047</u>	<u>(9,142)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash used to purchase property and equipment	(11,400)	(168,525)
Cash used to purchase investments	(975,049)	(31,248)
Cash proceeds from sale of investments	245,254	207,143
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(741,195)</u>	<u>7,370</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on notes payable	(28,223)	(19,710)
Payments on lease obligations	(1,467)	(1,545)
Payments on gift annuities	(2,076)	(1,768)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(26,114)</u>	<u>(23,023)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ...	128,738	(24,795)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	348,605	373,400
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>477,343</u>	\$ <u>348,605</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Cash paid for interest	\$ <u>725</u>	\$ <u>3,515</u>
<u>SUPPLEMENTAL NON-CASH ACTIVITIES</u>		
Donated stocks	\$ <u>109,655</u>	\$ <u>92,740</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, 2021 AND 2020 SUMMARIZED

	Program Services		Total Program Services	General and Administrative	Fundraising	Total	2020
	Public Information	Special Projects					
Accounting and legal	\$ -	\$ -	\$ -	\$ 31,704	\$ 4,082	\$ 35,786	\$ 66,495
Advertising and marketing	-	1,917	1,917	28,462	-	30,379	13,455
Bank charges	-	-	-	436	3,216	3,652	4,303
Board meetings	-	-	-	2,864	-	2,864	737
Building costs	-	-	-	1,220	-	1,220	40,845
Calendars	-	18,485	18,485	1,994	770	21,248	17,749
Conferences	1,450	80,043	81,493	1,250	-	82,743	5,392
Consultants	500	-	500	100	456	1,056	2,773
Depreciation and amortization	-	-	-	70,884	-	70,884	62,160
Direct mail	100,918	-	100,918	-	21,746	122,664	168,667
Fees	-	-	-	8,425	-	8,425	8,400
Films, books and literature	16,546	2,266	18,812	76	320	19,208	1,898
Honorariums	-	15,550	15,550	-	-	15,550	12,990
House file mailings	24,714	-	24,714	600	11,376	36,690	51,433
Insurance	-	-	-	14,795	-	14,795	14,352
Interest expense	-	-	-	725	-	725	3,515
Internships	-	4,696	4,696	-	-	4,696	3,440
Meals and entertainment	423	2,709	3,131	76	105	3,312	4,323
Office	3,670	364	4,034	15,553	8,171	27,757	-
Payroll	291,854	151,951	443,805	135,549	82,198	661,553	110,939
Payroll taxes	-	-	-	43,356	-	43,356	662,915
Personal property tax	-	-	-	6,614	-	6,614	42,842
Photography	50	250	300	-	23	323	432
Postage, shipping and delivery	654	-	654	5,234	3,761	9,650	127
Printing	12,529	1,742	14,270	442	1,453	16,165	24,513
Public relations	144	-	144	135	1,112	1,392	6,025
Real estate tax	-	-	-	18,695	-	18,695	1,951
Rent and occupancy	-	-	-	31,040	-	31,040	17,339
Software	360	-	360	375	2,455	3,190	28,511
Supplies and miscellaneous	-	-	-	-	-	-	4,402
Technology	6,185	557	6,742	3,318	500	10,560	11,274
Telecommunications	3,252	-	3,252	-	-	3,252	2,440
Travel	6,247	57	6,304	1,900	805	9,009	4,301
	<u>\$ 469,496</u>	<u>\$ 280,586</u>	<u>\$ 750,081</u>	<u>\$ 425,823</u>	<u>\$ 142,548</u>	<u>\$ 1,318,453</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, 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

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020. 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, 2021 AND 2020

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, which 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, 2021 and 2020. 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, prepaid expenses, 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, 2021 and 2020 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, 2021 and 2020.

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.

CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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.

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 \$30,379 and \$13,455 for the years ended December 31, 2021 and 2020, respectively.

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 2018.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on change in net assets.

CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 2 – Investments

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

	<u>2021</u>	<u>2020</u>
Index mutual funds	\$ 1,156,167	\$ 896,405
Equity securities	36,295	27,361
Fixed income mutual funds	687,299	637,260
Money market funds	750,602	989
	<u>\$ 2,630,363</u>	<u>\$ 1,562,015</u>

Investment income is comprised of the following at December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 30,987	\$ 31,855
Realized and unrealized gains (losses)	228,897	154,479
	<u>\$ 259,884</u>	<u>\$ 186,334</u>

NOTE 3 – Contributions Receivable

Receivables consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Due in one year or less	\$ 104,480	\$ 173,636
Due in two to five years	182,000	284,000
Due in more than five years	452,400	533,950
	738,880	991,586
Less: allowance for doubtful collections	-	-
Less: discount to net present value	(240,219)	(182,680)
	<u>\$ 498,661</u>	<u>\$ 808,906</u>

	<u>2021</u>	<u>2020</u>
Current portion	\$ 104,480	\$ 173,636
Long-term portion	394,181	635,270
	<u>\$ 498,661</u>	<u>\$ 808,906</u>

The discount on contribution receivables was calculated using discount rates ranging from 1.2% - 3.9% for the years ended December 31, 2021 and 2020. Bad debt expense recognized on contributions receivable totaled \$-0- for the years ended December 31, 2021 and 2020.

Two receivables totaled 96% of total receivables at December 31, 2021. Three receivables totaled 95% of total receivables at December 31, 2020.

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>2021</u>	<u>2020</u>
Remainder trust	\$ 151,639	\$ 140,921

CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 4 – Beneficial Interest in Trusts, continued

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>2021</u>	<u>2020</u>
Land	\$ 157,085	\$ 157,085
Building and improvements	1,536,326	1,537,315
Equipment	106,206	106,206
Furniture and fixtures	88,831	88,831
Signage	4,960	4,960
Software	29,416	29,416
	1,922,824	1,923,813
Less: accumulated depreciation and amortization	(469,560)	(411,065)
	\$ 1,453,264	\$ 1,512,748

Depreciation and amortization expense totaled \$70,884 and \$62,160 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 – Capital Leases

The Center has a capital lease agreement for a telephone system totaling \$10,406 which expired in 2021. The net book value of the equipment recorded in the financial statements for the years ending December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Cost of Equipment	\$ 10,906	\$ 10,906
Less: Accumulated depreciation	(10,906)	(9,815)
	\$ -	\$ 1,091

NOTE 7 – Note Payable

The Center had a note payable in the original amount of \$214,304, which was payable in monthly installments of principal and interest of \$1,849 for 180 months at an interest rate of 6.25%. The note, which had a maturity date of March 6, 2023, and secured the Center's property, was paid in full during 2021. The payable is summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Note payable	\$ -	\$ 28,233
Current maturities	-	20,858
Long-term maturities	-	7,365
	\$ -	\$ 28,223

Interest expense for the years ended December 31, 2021 and 2020 totaled \$725 and \$4,125, respectively.

CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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.

Net assets consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
With Donor Restrictions		
Perpetual in nature	\$ 1,449,782	\$ 1,511,710
Time restricted	175,406	337,007
Purpose restricted	159,520	147,431
	\$ 1,784,708	\$ 1,996,148
Without Donor Restrictions:		
Undesignated	\$ 3,494,781	\$ 2,370,083
Total Without Donor Restrictions	\$ 3,494,781	\$ 2,370,083

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 and general endowments have been fully funded. 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 received and invested. Investment income related to the internship and lecture series is temporarily restricted.

	<u>2021</u>	<u>2020</u>
Fully funded endowments	\$ 700,000	\$ 700,000
Partially funded endowment	990,000	990,000
Partially funded endowment present value adjustment ...	(240,218)	(178,290)
	\$ 1,449,782	\$ 1,511,710

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

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 1,511,710	\$ 1,388,158
Net investment income and present value adjustment	(61,928)	123,552
Endowment net assets, end of year	\$ 1,449,782	\$ 1,511,710

The portion of endowment funds that is required to be retained either by explicit donor stipulation, or by UPMIFA in perpetuity, totaled \$1,449,782 and \$1,511,710 at December 31, 2021 and 2020, respectively.

CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 9 – Endowment Funds, continued

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

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, 2021 and 2020.

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.

CLARE BOOTHE LUCE CENTER FOR CONSERVATIVE WOMEN

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 – 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 12 – 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	\$	477,343
Contributions receivable		22,230
Investments		773,188
Net Financial Assets Available Within One Year	\$	<u>1,272,761</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 as of December 31, 2021 are sufficient to cover all of its obligations.

NOTE 13 – Subsequent Events

The Center has evaluated subsequent events through May 16, 2022, 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.