

Women's Empowerment
FINANCIAL STATEMENTS
December 31, 2008 and 2007

Women's Empowerment

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POMARES GARDNER
AN ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Women's Empowerment
Sacramento, California

We have audited the accompanying statements of financial position of the Women's Empowerment as of December 31, 2008 and 2007, and the related statements of activity, cash flows, and statement of functional expenses for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Women's Empowerment as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles accepted in the United States of America.

Pomares Gardner
An Accountancy Corporation

July 2, 2009
Sacramento, CA

Women's Empowerment
STATEMENT OF FINANCIAL POSITION
December 31

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets		
Cash - Note 3	\$ 227,432	\$ 213,304
Grants Receivable	50,000	35,000
Prepaid Expenses	<u>946</u>	<u>0</u>
Total Current Assets	278,378	248,304
Fixed Assets - Note 4	5,540	2,664
Software	<u>9,150</u>	<u>0</u>
Total Assets	<u>\$ 293,068</u>	<u>\$ 250,968</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 11,910	\$ 0
Accrued Benefits Payable - Note 5	<u>7,522</u>	<u>0</u>
Total Current Liabilities	19,432	0
Net Assets		
Unrestricted	\$ 243,436	\$ 184,968
Temporarily Restricted - Note 8	<u>30,200</u>	<u>66,000</u>
Total Net Assets	<u>273,636</u>	<u>250,968</u>
Total Liabilities and Net Assets	<u>\$ 293,068</u>	<u>\$ 250,968</u>

See notes to the financial statements

Women's Empowerment

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31

	<u>2008</u>	<u>2007</u>
Unrestricted Revenue & Support		
Grants	\$ 129,488	\$ 72,515
In-Kind Goods & Services	208,631	172,801
Contributions:United Way	6,657	2,088
Contributions:Individual Donations	67,774	59,969
Contributions:Non Individual	24,492	17,512
Other Income	8,743	3,093
	<u>445,785</u>	<u>327,978</u>
Special Events	72,792	75,630
Less: Direct Costs	<u>(41,126)</u>	<u>(44,157)</u>
Net Special Events	31,666	31,473
Net Assets Released From Restriction	<u>36,000</u>	<u>41,250</u>
Total Unrestricted Revenue & Support	513,451	400,701
Expenses		
Program Services	375,908	330,024
General and Administrative	41,780	33,845
Fundraising	<u>37,295</u>	<u>24,574</u>
Total Expenses	454,983	388,443
Net Increase in Unrestricted Net Assets	58,468	12,258
Changes in Temporarily Restricted Net Assets		
Donations	200	0
Grants	0	6,000
Net Assets Released from Restriction	<u>(36,000)</u>	<u>(41,250)</u>
Net Increase(Decrease) in Temporarily Restricted Net Assets	<u>(35,800)</u>	<u>(35,250)</u>
Increase(Decrease) in Net Assets	22,668	(22,992)
Net Assets, Beginning of Year	<u>250,968</u>	<u>273,960</u>
Net Assets, End of Year	<u>\$ 273,636</u>	<u>\$ 250,968</u>

See notes to the financial statements

Women's Empowerment

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 22,668	\$ (22,992)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	2,854	785
In-kind contribution of fixed assets and software	(14,880)	(963)
(Increase)/Decrease in:		
Prepaid Expenses	(946)	0
Grants Receivable	(15,000)	66,250
(Decrease)/Increase in:		
Accounts Payable	11,910	
Accrued Liabilities	<u>7,522</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>14,128</u>	<u>43,080</u>
Cash and Cash Equivalents, Beginning of Year	<u>213,304</u>	<u>170,224</u>
Cash and Cash Equivalents, End of Year	<u>\$ 227,432</u>	<u>\$ 213,304</u>

See notes to the financial statements

Women's Empowerment

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008 and Total for 2007

	Total Program		General and		Total Support		Current Year	Prior Year
	Services	Administrative	Fund-Raising	Services	Services	Expenses	Total	Total
Wages & Salaries	\$ 124,918	\$ 14,211	\$ 18,913	\$ 33,124	\$ 158,042		\$ 146,288	
Benefits & Taxes	41,631	5,129	1,447	6,576	48,207		31,887	
Other Personnel Costs	690	24		24	715		948	
Professional Services	18,419	4,915		4,915	23,335		10,738	
Assistance to Students	1,049	-		-	1,049		318	
Other Program Services	7,932	-		-	7,932		6,664	
Educational Supplies	764	-		-	764		1,057	
Appeal Letter	-	-	7,420	7,420	7,420		7,051	
Events			236	236	236		-	
Marketing			2,532	2,532	2,532		738	
Occupancy Costs	15,710	1,729		1,729	17,440		18,030	
Utilities	2,701	298		298	3,000		3,000	
Telephone	4,275	474		474	4,750		4,548	
Insurance	1,005	931		931	1,937		3,154	
Other Operating Expenses	4,332	-		-	4,332		8,258	
Bank Fees	-	-	1,101	1,101	1,094		1,101	
Office Supplies	6,398	711		711	7,110		3,634	
Postage & Delivery	76		1,000	1,000	1,076		2,245	
In-Kind Goods & Services	144,132	12,380	4,646	17,026	161,158		137,999	
Total Expenses Before Depreciation	374,032	40,802	37,295	78,098	452,129		387,658	
Depreciation and Amortization	1,876	978		978	2,854		785	
Total Expenses	\$ 375,908	\$ 41,780	\$ 37,295	\$ 79,076	\$ 454,983		\$ 388,443	

See notes to the financial statements

Women's Empowerment
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 ORGANIZATION:

The mission of Women's Empowerment is to educate and empower women who are homeless with the skills and the confidence necessary to get a job, create a healthy lifestyle and regain a home for themselves and their children. It was incorporated as an independent non-profit organization on January 1, 2004.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting

The financial statements of the Agency are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

B. Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A description of the three net asset categories follows:

Unrestricted - net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - net assets whose use by the Agency is subject to donor-imposed restrictions that can be fulfilled by actions of the Agency pursuant to those restrictions or that expire by passage of time.

Permanently Restricted - net assets subject to donor-imposed restrictions that they be maintained permanently by the Agency.

Women's Empowerment
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Cash and Cash Equivalents

For the statement of financial position and the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments available for current use with an initial maturity of three months or less.

D. Grants Receivable

All grant receivables are deemed by management to be collectible. The allowance for doubtful accounts is zero.

E. Fixed Assets

Fixed assets consist of computers and presentation equipment and are recorded at cost when purchased, or if donated, at their estimated fair market value at the date of donation. All acquisitions of fixed assets in excess of \$500 with useful lives of three years or more, and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. The policy of the Agency is to provide for depreciation over the estimated useful lives of the assets by the straight-line method.

F. Intangible Assets

Intangible assets consist of computer software and are recorded at cost when purchased, or if donated, at the estimated fair market value at the date of donation. Software is amortized over an estimated useful life of three years.

G. Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Women's Empowerment
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

I. In-Kind Contributions

The value of certain donated services represents the donors' estimate of the amount that those services would cost if not donated. These amounts have been reflected in the financial statements for the services donated to the Agency that satisfy the criteria for recognition under SFAS 116.

However, many other individuals volunteer their time and perform a variety of tasks that assist the Agency with specific programs, and fund raising activities that do not meet the criteria for recognition under SFAS 116. The estimated fair value of the contributed services received, but not recognized, for the years ended December 31, 2008 and 2007 is \$25,704 and \$22,820 respectively.

J. Functional Expenses

The cost of providing various programs and supporting services has been reported on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services based on estimates made by management.

K. Income Taxes

The Women's Empowerment, a not-for-profit organization operating under Section 501 (c)(3) of the Internal Revenue code, is exempt from federal, state, and local income taxes and, accordingly, no provisions for income taxes is included in the financial statements. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Women's Empowerment
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008 and 2007

NOTE 3 CASH:

Cash consists of the following:

	<u>2008</u>	<u>2007</u>
Checking	\$ 54,819	\$ 24,847
Savings	10,001	0
Money Market	8,642	107,901
Certificates of Deposit	145,738	80,337
Undeposited Funds	7,963	0
Petty Cash on hand	269	219
Total Cash Balance	<u>\$ 227,432</u>	<u>\$ 213,304</u>

NOTE 4 FIXED ASSETS:

Fixed assets consist of the following:

	<u>2008</u>	<u>2007</u>
Computer Equipment	\$ 8,088	\$ 4,888
Presentation Equipment	700	
Less Accumulated Depreciation	(3,248)	(2,224)
Total Equipment	<u>\$ 5,540</u>	<u>\$ 2,664</u>

Depreciation for the year ended December 31, 2008 and 2007 is \$1,024 and \$785 respectively.

NOTE 5 ACCUMULATED VACATION AND SICK LEAVE:

Eligible employees begin accruing vacation from the start of employment. All employees are eligible for vacation except for temporary, seasonal or on-call employees. The amount accrued per pay period is based on hours worked and length of employment. The accrued vacation liability at December 31, 2008 is \$7,522.

NOTE 6 RETIREMENT PLAN:

A Simple IRA retirement plan was established in October 2008. All employees are eligible to participate after 90 days of employment. Eligible employees may make a salary reduction contribution and Women's Empowerment will match up to 3% of the annual salary of a participating employee. Funds are remitted for the employee and employer contributions each pay period. The amount of employer contributions for 2008 is \$2,848. There are no unfunded liabilities as of December 31, 2008.

Women's Empowerment
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008 and 2007

NOTE 7 LEASE COMMITMENTS:

Women's Empowerment leases office space under a month-to-month operating lease. The 2008 and 2007 annual rent expense is \$16,415 and \$16,380 respectively. A 36-month operating lease for an office copier was established in 2007. The future minimum rental payments are as follows:

2009	\$	1,344
2010		560

NOTE 8 NET ASSETS:

Temporarily restricted net assets are restricted to the following purposes:

	<u>2008</u>	<u>2007</u>
Net Asset Balance, beginning of year	\$ 66,000	\$ 101,250
Grant funds for specific purpose	0	6,000
Donations for specific purpose	200	0
Grant funds released for 2007 programs	0	(41,250)
Grant funds released for 2008 programs	(30,000)	0
Grants released for specific purpose	(6,000)	0
Net Asset Balance, end of year	<u>\$ 30,200</u>	<u>\$ 66,000</u>

NOTE 9 CONCENTRATIONS:

One Donor provides discounted rent for operations as well as catering for the major fundraising event each year. This donor accounts for 22% of the total in-kind goods and services received by the organization for the year ended December 31, 2008.