

**Women's Empowerment  
Financial Statements  
December 31, 2011 and 2010**

**Women's Empowerment  
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December 31, 2011 and 2010**

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# POMARES BEARRY

AN ACCOUNTANCY CORPORATION

## *Independent Auditor's Report*

Board of Directors  
Women's Empowerment

We have audited the accompanying statement of financial position of Women's Empowerment as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 audit provides 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 Women's Empowerment as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Pomares Bearry  
An Accountancy Corporation

September 27, 2012  
Sacramento, CA

**Women's Empowerment  
Statements of Financial Position  
As of December 31,**

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents - Note 3	\$ 185,246	\$ 224,432
Investments - Note 9	215,676	186,309
Grants Receivable	49,000	-
Pledges Receivable	2,500	-
Other Receivables	-	1,527
Prepaid Expenses	1,775	4,992
<b>Total Current Assets</b>	<b>454,197</b>	<b>417,260</b>
Fixed Assets, Net - Note 4	33,523	12,271
Intangible Assets, Net - Note 5	-	1,830
<b>Total Assets</b>	<b>\$ 487,720</b>	<b>\$ 431,361</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 1,375	\$ -
Accrued Benefits Payable - Note 7	18,970	16,078
<b>Total Current Liabilities</b>	<b>20,345</b>	<b>16,078</b>
<b>Net Assets</b>		
Unrestricted	333,175	325,083
Temporarily Restricted - Note 11	134,200	90,200
<b>Total Net Assets</b>	<b>467,375</b>	<b>415,283</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 487,720</b>	<b>\$ 431,361</b>

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

**Women's Empowerment  
Statements of Activities and Changes in Net Assets  
For the Years Ended December 31,**

	<b>2011</b>	<b>2010</b>
<b>Unrestricted Revenue and Support from Operations</b>		
Grants	\$ 154,500	\$ 112,682
In-Kind Goods and Services	302,131	260,166
Contributions	124,758	107,320
Unrealized Gain (Loss) on Investments	1,731	(263)
Realized Gain (Loss)	(1,008)	-
Interest Income	7,393	4,556
Other Income	1,672	-
<b>Total Unrestricted Revenue &amp; Support before Special Events and Assets Released from Restriction</b>	<b>591,177</b>	<b>484,461</b>
Special Events	181,853	185,609
Less Direct Costs	(66,080)	(62,088)
<b>Net Special Events</b>	<b>115,773</b>	<b>123,521</b>
<b>Net Assets Released from Restriction</b>	<b>90,000</b>	<b>75,000</b>
<b>Total Unrestricted Revenue and Support from Operations</b>	<b>796,950</b>	<b>682,982</b>
<b>Operating Expenses</b>		
Program Services	645,419	517,382
General and Administrative	81,084	65,800
Fundraising	62,355	62,097
<b>Total Operating Expenses</b>	<b>788,858</b>	<b>645,279</b>
<b>Net Increase in Unrestricted Net Assets from Operations</b>	<b>8,092</b>	<b>37,703</b>
<b>Changes in Temporarily Restricted Net Assets</b>		
Donations		
Grants	134,000	90,000
Net Assets Released from Restriction	(90,000)	(75,000)
<b>Net Increase (Decrease) in Temporarily Restricted Net Assets</b>	<b>44,000</b>	<b>15,000</b>
<b>Increase (Decrease) in Net Assets</b>	<b>52,092</b>	<b>52,703</b>
<b>Net Assets, Beginning of Year</b>	<b>415,283</b>	<b>362,580</b>
<b>Net Assets, End of Year</b>	<b>\$ 467,375</b>	<b>\$ 415,283</b>

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

**Women's Empowerment  
Statements of Cash Flow  
For the Years Ended December 31,**

	<b>2011</b>	<b>2010</b>
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	\$ 52,092	\$ 52,703
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization Expense	8,017	6,930
In-Kind Contribution of Fixed Assets and Software	(28,700)	(5,000)
(Gain)/Loss on Disposition of Property	1,260	-
Realized and Unrealized (Gain)/Loss on Investments	(1,983)	263
<b>(Increase) Decrease in Assets:</b>		
Grants Receivable	(49,000)	75,000
Pledges Receivable	(2,500)	-
Other Receivables	1,527	(1,527)
Prepaid Expenses	3,217	(3,916)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts Payable	1,375	(2,127)
Accrued Expenses	2,892	3,301
	<b>(11,803)</b>	<b>125,627</b>
<b>Cash Flows from Investing Activities</b>		
Reinvestment of Interest and Dividend Earnings	(7,383)	-
Redemption (Purchases) of Mutual Funds	(20,000)	(144,608)
	<b>(27,383)</b>	<b>(144,608)</b>
<b>Net Cash (Used in) Investing Activities</b>	<b>(27,383)</b>	<b>(144,608)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(39,186)</b>	<b>(18,981)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>224,432</b>	<b>243,413</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 185,246</b>	<b>\$ 224,432</b>

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

**Women's Empowerment  
Statements of Functional Expenses  
For the Years Ended December 31, 2011 and 2010**

	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Current Year Total Expenses</u>	<u>Prior Year Total</u>
<b>Expenses</b>						
Wages and Salaries	\$ 219,551	\$ 27,421	\$ 26,973	\$ 54,394	\$ 273,945	\$ 224,865
Benefits and Taxes	56,160	7,145	6,900	14,045	70,205	54,545
Other Personnel Costs	-	-	-	-	-	3,539
Professional Services	60,795	-	3,200	3,200	63,995	29,098
Assistance to Students	783	-	-	-	783	878
Program Supplies	6,658	-	-	-	6,658	7,741
Transportation for Students	13,764	-	-	-	13,764	6,874
Educational Supplies	3,314	-	-	-	3,314	833
Other Program Services	4,493	-	-	-	4,493	1,912
Appeal Letter	3,520	-	3,520	3,520	7,039	8,619
Marketing	926	-	926	926	1,852	1,053
Occupancy Costs	23,876	1,257	-	1,257	25,133	16,495
Utilities	4,940	260	-	260	5,200	3,000
Telephone	3,565	188	-	188	3,753	3,691
Insurance	3,163	791	-	791	3,954	2,989
Other Operating Expenses	9,348	-	-	-	9,348	6,642
Bank Fees	-	-	1,910	1,910	1,910	1,909
Office Supplies	9,896	521	-	521	10,417	7,414
Postage and Delivery	1,482	165	-	165	1,647	1,086
In-Kind Goods & Services	213,944	40,560	18,927	59,487	273,431	255,166
<b>Total Expenses Before Depreciation</b>	<b>640,179</b>	<b>78,307</b>	<b>62,355</b>	<b>140,662</b>	<b>780,841</b>	<b>638,349</b>
Depreciation and Amortization	5,240	2,777	-	2,777	8,017	6,930
<b>Total Expenses</b>	<b>\$ 645,419</b>	<b>\$ 81,084</b>	<b>\$ 62,355</b>	<b>\$ 143,439</b>	<b>\$ 788,858</b>	<b>\$ 645,279</b>

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

**Women's Empowerment  
Notes to Financial Statements  
December 31, 2011 and 2010**

NOTES 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

The Agency reports information regarding its financial position and activates 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 the actions of the Agency pursuant to those restrictions that expire by the passage of time.

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

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 initial maturity of twelve months or less.



**Women's Empowerment  
Notes to Financial Statements  
December 31, 2011 and 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

D. Grants Receivable

Grants receivable are reported at the amount the Agency expects to collect on balances outstanding at year-end. Based on management's assessment of the grantors having outstanding balances and past history with them, it has concluded that losses on balances outstanding at year-end are unlikely. All grants receivable are deemed by management to be collectible. The allowance for doubtful accounts at December 31, 2011 was zero.

E. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. Realized and unrealized gains and losses are included in the changes in net assets. Fair market value is determined by quoted market prices in an active market.

F. Fixed Assets

Fixed assets consist of computers, furniture, and office equipment and are recorded at cost when purchases, or if donated, at their estimated fair market value at the date of the 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 straight-line method.

G. 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.

H. 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, 2011 and 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

I. 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.

J. Contributed Property and Equipment

Contributed property and equipment is recorded at fair value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

K. 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.

L. Functional Expenses

The cost of providing various programs and supporting services has been reported on the 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.

**Women's Empowerment  
Notes to Financial Statements  
December 31, 2011 and 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

M. Income Taxes

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 are 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 a public charity.

Management has determined that the Agency does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

NOTE 3 CASH AND CASH EQUIVALENTS:

Cash and Cash Equivalents consist of the following:

<b>As of December 31,</b>	<b>2011</b>	<b>2010</b>
	<hr/>	<hr/>
Checking	\$ 95,026	\$ 142,619
Savings	7,558	18,696
Certificate of Deposits	57,442	57,442
Undeposited Funds	25,020	5,475
Petty Cash on Hand	200	200
	<hr/>	<hr/>
<b>Total Cash and Cash Equivalents</b>	<b>\$ 185,246</b>	<b>\$ 224,432</b>
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**Women's Empowerment  
Notes to Financial Statements  
December 31, 2011 and 2010**

NOTE 4 FIXED ASSETS:

Fixed assets consist of the following:

<b>As of December 31,</b>	<u><b>2011</b></u>	<u><b>2010</b></u>
Computer Equipment	\$ 25,827	12,829
Office Furniture and Equipment	17,302	3,700
Presentation Equipment	700	700
Vehicles	4,000	4,000
Less Accumulated Depreciation	<u>(14,306)</u>	<u>(8,958)</u>
<b>Total Fixed Assets, Net</b>	<u><u>\$ 33,523</u></u>	<u><u>\$ 12,271</u></u>

Depreciation for the year ended December 31, 2011 and 2010 is \$6,187 and \$3,270 respectively.

NOTE 5 INTANGIBLE ASSETS:

Intangible assets consist of the following:

<b>As of December 31,</b>	<u><b>2011</b></u>	<u><b>2010</b></u>
Software	\$ 10,980	\$ 10,980
Less Accumulated Amortization	<u>(10,980)</u>	<u>(9,150)</u>
<b>Total Intangible Assets, Net</b>	<u><u>\$ -</u></u>	<u><u>\$ 1,830</u></u>

Amortization for the year ended December 31, 2011 and 2010 is \$1,830 and \$3,660 respectively. Estimated aggregate amortization expense over the next five years is zero.

**Women's Empowerment  
Notes to Financial Statements  
December 31, 2011 and 2010**

**NOTE 6 CONTRIBUTED SERVICES:**

The Agency recognizes contribution revenue for certain services received at the fair value of those services. Those services include the following items:

<b>For the Years Ended December 31,</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Program Services</b>		
Job-Seeking Skills Instructors	\$ 2,160	\$ 5,520
Program Instructors	50,749	50,749
Interns	25,500	13,500
Fitness Teacher	-	1,350
MFT Trainee	-	3,375
Leadership Training	6,750	-
Childcare Assistant	10,400	10,400
Computer Lab Maintenance	3,750	3,750
Warehouse Management	4,160	-
Other Program Services	<u>120</u>	<u>3,060</u>
<b>Total Program Services</b>	<b><u>103,589</u></b>	<b><u>91,704</u></b>
<b>General and Administrative</b>		
Auditing Services	1,890	1,890
Architectural and Remodel Services	2,450	-
Leadership Training	750	-
Administrative Office Services	27,720	22,880
Repairs and Maintenance	<u>2,100</u>	<u>1,600</u>
<b>Total General and Administrative Services</b>	<b><u>34,910</u></b>	<b><u>26,370</u></b>
<b>Fundraising</b>		
Special Event	<u>18,927</u>	<u>17,927</u>
<b>Total Contributed Services</b>	<b><u><u>\$ 157,426</u></u></b>	<b><u><u>\$ 136,001</u></u></b>

In addition, 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. The estimated fair value of the contributed services received but not recognized, for the December 31, 2011 and 2010 is \$80,000 and \$80,000 respectively.

**Women's Empowerment**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

NOTE 7 ACCUMUALTED 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.

NOTE 8 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 2011 and 2010 are \$4,396 and \$5,132, respectively. There are no unfunded liabilities as of December 31, 2011.

NOTE 9 FAIR VALUE OF INVESTMENTS:

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides for fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives that highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or pluralities in active markets.

Level 2 – Inputs to the valuation methodology include:

- (a) Quoted prices similar assets or liabilities in active markets;
- (b) Quoted prices for identical or similar assets or liabilities in inactive markets;
- (c) Inputs other than quoted prices that are observable for the asset or liability;
- (d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Women's Empowerment  
Notes to Financial Statements  
December 31, 2011 and 2010**

NOTE 9 FAIR VALUE OF INVESTMENTS - Continued:

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liabilities' fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is the description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2011 and 2010.

The Agency invested funds in Level 1 mutual funds. Investments in these mutual funds are based on quoted market prices for the identical security in an active market. Listed below are descriptions of both types of mutual funds.

*T. Rowe Price New Income Fund*

This fund seeks to provide investors with high current income potential consistent with preservation of capital over time by investing primarily in investment grade bonds. This fund invests at least 80% of the total assets in income producing investment-grade debt securities that possess expected favorable total return. There are no maturity restrictions and the fund can purchase long-term bonds, but the portfolio's weighted average maturity is expected to stay in a range from four to 15 years. Since the fund has a fairly long average maturity, it offers higher yield potential than money market or shorter-term bond funds but with more volatility.

*T. Rowe Price Short-Term Bond*

This fund seeks a high level of income consistent with minimal fluctuation in principal value and liquidity by investing primarily in a diversified portfolio of short-term and intermediate-term, investment-grade debt securities. The fund's average effective maturity will not exceed three years. The fund has the opportunity to earn higher income than less volatile money market funds offer, with lower risk than higher-yielding longer-term bond funds.

**Women's Empowerment  
Notes to Financial Statements  
December 31, 2011 and 2010**

NOTE 10 LEASE COMMITMENTS:

Women's Empowerment leases office space under a month-to-month operating lease. The 2011 and 2010 annual rent expense is \$24,063 and \$13,800, respectively. A 48-month operating lease for an office copier was established in 2009. The lease will renew automatically for 12 months at the end of the lease term unless the Agency notifies the Lessor between 90 and 180 days prior to the end of the lease term. The future minimum rental payments are as follows:

2012	1,188
2013	594
2014	-

NOTE 11 NET ASSETS:

Temporarily restricted net assets are restricted to the following purposes:

	<u>2011</u>	<u>2010</u>
Net Asset Balance, Beginning of Year	\$ 90,200	\$ 75,200
Grant Funds for 2012 Programs	134,000	-
Grant Funds for 2011 Programs	-	90,000
Grant Funds Released for 2011 Programs	(90,000)	-
Grant Funds Released for 2010 Programs	-	(75,000)
<b>Net Asset Balance, End of Year</b>	<u><u>\$ 134,200</u></u>	<u><u>\$ 90,200</u></u>

NOTE 12 CONCENTRATIONS:

One Donor provides discounted rent for operations as well as catering for the major fundraising event each year. For the years ended December 31, 2011 and 2010, this donor accounts for 16% and 16% of the total in-kind goods and services received the organization, respectively.



**Women's Empowerment  
Notes to Financial Statements  
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NOTE 13 SUBSEQUENT EVENTS:

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 27, 2012, which is the date the financial statements were available to be issued.