

**Women's Empowerment
Financial Statements
December 31, 2012 and 2011**

**Women's Empowerment
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December 31, 2012 and 2011**

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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, 2012 and 2011, 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, 2012, 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

October 22, 2013
Sacramento, CA

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

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and Cash Equivalents - Note 3	\$ 179,070	\$ 185,246
Investments - Note 9	264,771	215,676
Grants Receivable	31,248	49,000
Pledges Receivable	23,111	2,500
Prepaid Expenses	<u>6,577</u>	<u>1,775</u>
Total Current Assets	<u>504,777</u>	<u>454,197</u>
Fixed Assets, Net - Note 4	<u>29,288</u>	<u>33,523</u>
Total Assets	<u><u>\$ 534,065</u></u>	<u><u>\$ 487,720</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 3,631	\$ 1,375
Accrued Benefits Payable - Note 7	<u>10,977</u>	<u>18,970</u>
Total Current Liabilities	<u>14,608</u>	<u>20,345</u>
Net Assets		
Unrestricted	405,009	333,175
Temporarily Restricted - Note 11	<u>114,448</u>	<u>134,200</u>
Total Net Assets	<u>519,457</u>	<u>467,375</u>
Total Liabilities and Net Assets	<u><u>\$ 534,065</u></u>	<u><u>\$ 487,720</u></u>

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,**

	2012	2011
Unrestricted Revenue and Support from Operations		
Grants	\$ 170,516	\$ 154,500
In-Kind Goods and Services	273,973	302,131
Contributions	183,881	124,758
Unrealized Gain (Loss) on Investments	2,104	1,731
Realized Gain (Loss)	249	(1,008)
Interest Income	6,910	7,393
Other Income	-	1,672
Total Unrestricted Revenue & Support before Special Events and Assets Released from Restriction	637,633	591,177
Special Events	190,606	181,853
Less Direct Costs	(56,426)	(66,080)
Net Special Events	134,180	115,773
Net Assets Released from Restriction	146,100	90,000
Total Unrestricted Revenue and Support from Operations	917,913	796,950
Operating Expenses		
Program Services	686,269	645,419
General and Administrative	99,152	81,084
Fundraising	60,658	62,355
Total Operating Expenses	846,079	788,858
Net Increase in Unrestricted Net Assets from Operations	71,834	8,092
Changes in Temporarily Restricted Net Assets		
Grants	126,348	134,000
Net Assets Released from Restriction	(146,100)	(90,000)
Net Increase (Decrease) in Temporarily Restricted Net Assets	(19,752)	44,000
Increase (Decrease) in Net Assets	52,082	52,092
Net Assets, Beginning of Year	467,375	415,283
Net Assets, End of Year	\$ 519,457	\$ 467,375

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

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

	2012	2011
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 52,082	\$ 52,092
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense	8,546	8,017
In-Kind Contribution of Fixed Assets and Software	(4,311)	(28,700)
(Gain)/Loss on Disposition of Property	-	1,260
Realized and Unrealized (Gain)/Loss on Investments	(2,353)	(1,983)
(Increase) Decrease in Assets:		
Grants Receivable	17,752	(49,000)
Pledges Receivable	(20,611)	(2,500)
Other Receivables	-	1,527
Prepaid Expenses	(4,802)	3,217
Increase (Decrease) in Liabilities:		
Accounts Payable	2,256	1,375
Accrued Expenses	(7,993)	2,892
	<u>40,566</u>	<u>(11,803)</u>
Cash Flows from Investing Activities		
Reinvestment of Interest and Dividend Earnings	(6,742)	(7,383)
Redemption (Purchases) of Mutual Funds	(40,000)	(20,000)
	<u>(46,742)</u>	<u>(27,383)</u>
Net Cash (Used in) Investing Activities	<u>(46,742)</u>	<u>(27,383)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,176)	(39,186)
Cash and Cash Equivalents, Beginning of Year	<u>185,246</u>	<u>224,432</u>
Cash and Cash Equivalents, End of Year	<u>\$ 179,070</u>	<u>\$ 185,246</u>

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

**Women's Empowerment
Statements of Functional Expenses
For the Years Ended December 31, 2012 and 2011**

	<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>
Expenses						
Wages and Salaries	\$ 266,466	\$ 21,437	\$ 24,901	\$ 46,338	\$ 312,804	\$ 273,945
Benefits and Taxes	79,253	6,307	7,406	13,713	92,966	70,205
Professional Services	42,117	-	2,217	2,217	44,334	63,995
Assistance to Students	1,453	-	-	-	1,453	783
Program Supplies	7,815	-	-	-	7,815	6,658
Transportation for Students	15,538	-	-	-	15,538	13,764
Educational Supplies	4,577	-	-	-	4,577	3,314
Other Program Services	4,400	-	-	-	4,400	4,493
Appeal Letter	5,506	-	5,506	5,506	11,012	7,039
Marketing	1,912	-	819	819	2,731	1,852
Occupancy Costs	34,553	1,819	-	1,819	36,372	25,133
Utilities	5,130	270	-	270	5,400	5,200
Telephone	4,025	212	-	212	4,237	3,753
Insurance	3,302	825	-	825	4,127	3,954
Other Operating Expenses	7,540	-	-	-	7,540	9,348
Bank Fees	-	-	4,345	4,345	4,345	1,910
Office Supplies	4,496	237	-	237	4,733	10,417
Postage and Delivery	2,227	247	-	247	2,474	1,647
In-Kind Goods & Services	190,719	64,492	15,464	79,956	270,675	273,431
Total Expenses Before Depreciation	681,029	95,846	60,658	156,504	837,533	780,841
Depreciation and Amortization	5,240	3,306	-	3,306	8,546	8,017
Total Expenses	686,269	99,152	60,658	159,810	\$ 846,079	\$ 788,858

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

**Women's Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

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, 2012 and 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

D. Pledges and Grants Receivable

Pledges and 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 and pledgors having outstanding balances and past history with them, it has concluded that losses on balances outstanding at year-end are unlikely. All grants and pledges receivable are deemed by management to be collectible. The allowance for doubtful accounts at December 31, 2012 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 purchased, 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.

**Women's Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

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.

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, 2012 and 2011**

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:

As of December 31,	2012	2011
	<hr/>	<hr/>
Checking	\$ 79,595	\$ 95,026
Savings	7,561	7,558
Certificate of Deposits	25,878	57,442
Undeposited Funds	65,836	25,020
Petty Cash on Hand	200	200
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Total Cash and Cash Equivalents	\$ 179,070	\$ 185,246
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**Women's Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

NOTE 4 FIXED ASSETS:

Fixed assets consist of the following:

As of December 31,	<u>2012</u>	<u>2011</u>
Computer Equipment	\$ 35,640	\$ 25,827
Office Furniture and Equipment	11,100	17,302
Presentation Equipment	1,400	700
Vehicles	4,000	4,000
Less Accumulated Depreciation	<u>(22,852)</u>	<u>(14,306)</u>
Total Fixed Assets, Net	<u><u>\$ 29,288</u></u>	<u><u>\$ 33,523</u></u>

Depreciation for the year ended December 31, 2012 and 2011 is \$8,546 and \$6,187 respectively.

NOTE 5 INTANGIBLE ASSETS:

Intangible assets consist of the following:

As of December 31,	<u>2012</u>	<u>2011</u>
Software	\$ 10,980	\$ 10,980
Less Accumulated Amortization	<u>(10,980)</u>	<u>(10,980)</u>
Total Intangible Assets, Net	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Amortization for the year ended December 31, 2012 and 2011 is \$0 and \$1,830 respectively.

**Women's Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

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:

For the Years Ended December 31,	<u>2012</u>	<u>2011</u>
Program Services		
Job-Seeking Skills Instructors	\$ 2,160	\$ 2,160
Program Instructors	50,749	50,749
Interns	13,500	25,500
Leadership and Other Trainings	1,887	6,750
Childcare Assistant	6,000	10,400
Computer Lab Maintenance	3,750	3,750
Warehouse Management	-	4,160
Social Work Volunteer	6,000	-
Other Program Services	-	120
	<u>84,046</u>	<u>103,589</u>
General and Administrative		
Auditing Services	10,700	1,890
Architectural and Remodel Services	19,812	2,450
Leadership Training	-	750
Administrative Office Services	31,880	27,720
Repairs and Maintenance	2,100	2,100
	<u>64,492</u>	<u>34,910</u>
Fundraising		
Special Event	15,464	18,927
	<u>15,464</u>	<u>18,927</u>
Total Contributed Services	<u>\$ 164,002</u>	<u>\$ 157,426</u>

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, 2012 and 2011 is \$80,000 and \$80,000 respectively.

**Women's Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

NOTE 7 ACCUMULATED VACATION

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 2012 and 2011 are \$5,688 and \$4,396, respectively. There are no unfunded liabilities as of December 31, 2012.

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, 2012 and 2011**

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, 2012 and 2011.

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, 2012 and 2011**

NOTE 10 LEASE COMMITMENTS:

Women's Empowerment leased office space under a month-to-month operating lease. The 2012 and 2011 annual rent expense is \$33,888 and \$24,063, respectively.

As of December 21, 2012, Women's Empowerment entered into a new agreement with the County of Sacramento to lease building space. The agreement is set to expire on December 30, 2014 ("Lease Termination Date") and can be extended for additional three years after the original term. The terms of the agreement provide that the Lessee shall pay rent in the amount of one dollar per year in addition to being responsible for utilities, certain maintenance costs, and property taxes of the leased premises during the original and extended terms of the lease. The leased premises shall only be used to provide human assistance services for persons who are homeless, transitioning from homelessness or otherwise in need of assistance in obtaining housing, training for jobs or job placement. The Lessee shall provide annual reports to the Department of Human Assistance describing its work from the year previous and plans for the following year. The County reserves the right, at any time during the original and extended Terms of lease and upon hundred and eight (180) days written notice, to demand and receive reassignment from Lessee of all, or any portion of, the leased property. The County is not liable to the Lessee for costs associated with the County's exercise of its rights.

A 63-month operating lease for an office copier was established in 2013. The lease will renew automatically for 12 months at the end of the lease term unless the Agency notifies the Lessor within 90 days prior to the end of the lease term.

The future minimum rental payments are as follows:

Year Ending December 31,	
2013	3,080
2014	2,712
2015	2,712
2016	2,712
2017	2,712
2018	904

**Women's Empowerment
Notes to Financial Statements
December 31, 2012 and 2011**

NOTE 11 NET ASSETS:

Temporarily restricted net assets are restricted to the following purposes:

	<u>2012</u>	<u>2011</u>
Net Asset Balance, Beginning of Year	\$ 134,200	\$ 90,200
Grant Funds for 2013 Programs	126,348	-
Grant Funds for 2012 Programs	-	134,000
Grant Funds Released for 2012 Programs	(146,100)	-
Grant Funds Released for 2011 Programs	-	<u>(90,000)</u>
 Net Asset Balance, End of Year	 <u><u>\$ 114,448</u></u>	 <u><u>\$ 134,200</u></u>

NOTE 12 CONCENTRATIONS:

One Donor provided discounted rent for operations as well as catering for the major fundraising event each year. For the years ended December 31, 2012 and 2011, this donor accounts for 14% and 16% of the total in-kind goods and services received the organization, respectively.

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 October 22, 2013, which is the date the financial statements were available to be issued.