

Women's Empowerment
FINANCIAL STATEMENTS
December 31, 2010 and 2009

Women's Empowerment

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POMARES GARDNER
AN ACCOUNTANCY CORPORATION

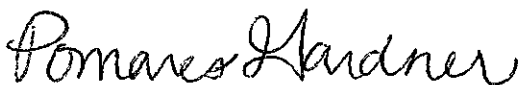
Independent Auditor's Report

Board of Directors
Women's Empowerment

We have audited the accompanying statement of financial position of Women's Empowerment as of December 31, 2010 and 2009, 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, 2010 and 2009, 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 Gardner
An Accountancy Corporation

October 19, 2011
Sacramento, CA

Women's Empowerment
STATEMENT OF FINANCIAL POSITION
December 31

| ASSETS | | |
|---|-------------------|-------------------|
| | 2010 | 2009 |
| Current Assets | | |
| Cash - Note 3 | \$ 224,432 | \$ 243,413 |
| Investments - Note 7 | 186,309 | 41,964 |
| Grants Receivable | - | 75,000 |
| Other Receivables | 1,527 | - |
| Prepaid expenses | 4,992 | 1,076 |
| Total Current Assets | 417,260 | 361,453 |
| | | |
| Fixed Assets - Note 4 | 12,271 | 10,541 |
| Software | 1,830 | 5,490 |
| Total Assets | \$ 431,361 | \$ 377,484 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ - | \$ 2,127 |
| Accrued Benefits Payable - Note 5 | 16,078 | 12,777 |
| Total Current Liabilities | 16,078 | 14,904 |
| | | |
| Net Assets | | |
| Unrestricted | 325,083 | 287,380 |
| Temporarily restricted - Note 9 | 90,200 | 75,200 |
| Total Net Assets | 415,283 | 362,580 |
| Total Liabilities and Net Assets | \$ 431,361 | \$ 377,484 |

The accompanying notes are an integral part of these financial statements

Women's Empowerment
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Operating Revenues & Support | | |
| Unrestricted Revenue & Support | | |
| Grants | \$ 112,682 | \$ 122,048 |
| In-Kind Goods & Services | 260,166 | 229,126 |
| Contributions | 107,320 | 127,356 |
| Unrealized Gain (Loss) on Investments | (263) | (444) |
| Interest Income | 4,556 | 4,119 |
| | <u>484,461</u> | <u>482,205</u> |
| Special Events | 185,609 | 101,262 |
| Less: Direct Costs | <u>(62,088)</u> | <u>(57,590)</u> |
| Net Special Events | 123,521 | 43,672 |
| Net Assets Released from Restriction | <u>75,000</u> | <u>30,000</u> |
| Total Unrestricted Revenue & Support from Operations | 682,982 | 555,877 |
| Operating Expenses | | |
| Program Services | 517,382 | 409,301 |
| General and Administrative | 65,800 | 37,745 |
| Fundraising | 62,097 | 64,887 |
| Total Expenses | <u>645,279</u> | <u>511,933</u> |
| Net Increase in Unrestricted Net Assets from Operations | <u>37,703</u> | <u>43,944</u> |
| Changes in Temporarily Restricted Net Assets | | |
| Donations | | |
| Grants | 90,000 | 75,000 |
| Net Assets Released from Restriction | <u>(75,000)</u> | <u>(30,000)</u> |
| Net Increase(Decrease) in Temporarily Restricted Net Assets | 15,000 | 45,000 |
| Increase(Decrease) in Net Assets | 52,703 | 88,944 |
| Net Assets, Beginning of Year | <u>362,580</u> | <u>273,636</u> |
| Net Assets, End of Year | <u>\$ 415,283</u> | <u>\$ 362,580</u> |

The accompanying notes are an integral part of these financial statements

Women's Empowerment
STATEMENTS OF CASH FLOWS
For the Years Ended December 31

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Changes in Net Assets | \$ 52,703 | \$ 88,944 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 6,930 | 6,100 |
| In-Kind contribution of fixed assets and software | (5,000) | (3,200) |
| Unrealized (gain)/loss on investments | 263 | 444 |
| (Increase) decrease in assets: | | |
| Grants Receivable | 75,000 | (25,000) |
| Other Receivables | (1,527) | - |
| Prepaid expenses | (3,916) | (130) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (2,127) | (9,783) |
| Accrued expenses | 3,301 | 5,255 |
| | <u>125,627</u> | <u>62,630</u> |
| Cash Flows from Investing Activities | | |
| Purchases of Equipment | - | (4,241) |
| Purchases of Mutual Funds | <u>(144,608)</u> | <u>(42,408)</u> |
| Net Cash (Used in) Investing Activities | (144,608) | (46,649) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (18,981) | 15,981 |
| Cash and Cash Equivalents, Beginning of Year | <u>243,413</u> | <u>227,432</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 224,432</u> | <u>\$ 243,413</u> |

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

Women's Empowerment
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010 and Total For 2009

| | Total Program Services | General and Administrative | Fundraising | Total Support Services | Current Year Total Expenses | Prior Year Total |
|---|---------------------------|-------------------------------|------------------|---------------------------|-----------------------------------|---------------------|
| Wages & Salaries | \$ 175,813 | \$ 20,443 | \$ 28,609 | \$ 49,052 | \$ 224,865 | \$ 195,647 |
| Benefits & Taxes | 45,348 | 5,167 | 4,031 | 9,197 | 54,545 | 53,193 |
| Other Personnel Costs | 3,433 | 106 | - | 106 | 3,539 | 1,793 |
| Professional Services | 22,987 | 6,111 | - | 6,111 | 29,098 | 8,438 |
| Assistance to Students | 878 | - | - | - | 878 | 896 |
| Program Supplies | 7,741 | - | - | - | 7,741 | - |
| Transportation for Students | 6,874 | - | - | - | 6,874 | - |
| Educational Supplies | 833 | - | - | - | 833 | 673 |
| Other Program Services | 1,912 | - | - | - | 1,912 | 16,965 |
| Appeal Letter | - | - | 8,619 | 8,619 | 8,619 | 7,627 |
| Events | - | - | - | - | 0 | - |
| Marketing | - | - | 1,053 | 1,053 | 1,053 | 1,287 |
| Occupancy Costs | 14,846 | 1,650 | - | 1,650 | 16,495 | 15,713 |
| Utilities | 2,700 | 300 | - | 300 | 3,000 | 3,900 |
| Telephone | 3,322 | 369 | - | 369 | 3,691 | 3,636 |
| Insurance | 1,554 | 1,435 | - | 1,435 | 2,989 | 3,789 |
| Other Operating Expenses | 6,642 | - | - | - | 6,642 | 4,610 |
| Bank Fees | - | - | 1,909 | 1,909 | 1,909 | 1,281 |
| Office Supplies | 6,673 | 741 | - | 741 | 7,414 | 8,314 |
| Postage & Delivery | - | 1,086 | - | 1,086 | 1,086 | 1,734 |
| In-Kind Goods & Services | 210,919 | 26,370 | 17,877 | 44,247 | 255,166 | 176,337 |
| Total Expenses Before Depreciation | 512,475 | 63,777 | 62,097 | 125,874 | 638,349 | 505,833 |
| Depreciation and Amortization | 4,907 | 2,023 | - | 2,023 | 6,930 | 6,100 |
| Total Expenses | \$ 517,382 | \$ 65,800 | \$ 62,097 | \$ 127,897 | \$ 645,279 | \$ 511,933 |

The accompanying notes are an integral part of these financial statements

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

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 three months or less.

D. Grants Receivable

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

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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. 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.

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.

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

M. 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).

NOTE 3 CASH:

| Cash consists of the following: | <u>2010</u> | <u>2009</u> |
|---------------------------------|-------------------|-------------------|
| Checking | \$ 142,619 | \$ 91,893 |
| Savings | 10,046 | 10,026 |
| Money Market | 8,650 | 8,646 |
| Certificate of Deposits | 57,442 | 107,420 |
| Undeposited Funds | 5,475 | 25,228 |
| Petty Cash on Hand | 200 | 200 |
| Total Cash Balance | <u>\$ 224,432</u> | <u>\$ 243,413</u> |

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 4 FIXED ASSETS:

Fixed assets consist of the following:

| | <u>2010</u> | <u>2009</u> |
|--------------------------------|------------------|------------------|
| Computer Equipment | \$ 12,829 | \$ 12,829 |
| Office Furniture and Equipment | 3,700 | 2,700 |
| Presentation Equipment | 700 | 700 |
| Vehicles | 4,000 | - |
| Less Accumulated Depreciation | <u>(8,958)</u> | <u>(5,688)</u> |
| Total Equipment | <u>\$ 12,271</u> | <u>\$ 10,541</u> |

Depreciation for the year ended December 31, 2010 and 2009 is \$3,270 and \$2,440 respectively.

NOTE 5 CONTRIBUTED SERVICES:

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

| Program: | <u>2010</u> | <u>2009</u> |
|---------------------------------------|-------------------|------------------|
| Job-Seeking Skills Instructors | \$ 5,520 | 5,520 |
| Program Instructors | 50,749 | 50,749 |
| Social Work Intern | 13,500 | - |
| Fitness Teacher | 1,350 | - |
| MFT Trainee | 3,375 | - |
| Childcare Assistant | 10,400 | - |
| Computer Lab Maintenance | 3,750 | 3,750 |
| Other Program Services | <u>3,060</u> | <u>-</u> |
| Total Program Services | <u>91,704</u> | <u>60,019</u> |
| Management and general: | | |
| Auditing Services | 1,890 | 1,890 |
| Repair & Maintenance | <u>1,600</u> | <u>4,100</u> |
| Total Management and General Services | <u>3,490</u> | <u>5,990</u> |
| Fundraising: | | |
| Special Event | <u>17,427</u> | <u>18,578</u> |
| Total Contributed Services | <u>\$ 112,621</u> | <u>\$ 84,587</u> |

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 5 CONTRIBUTED SERVICES - continued:

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, 2010 and 2009 is \$80,000 and \$57,608 respectively.

NOTE 6 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 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 2010 and 2009 are \$5,132 and \$3,707 respectively. There are no unfunded liabilities as of December 31, 2010.

NOTE 7 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, 2010 and 2009

NOTE 7 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 measure at fair value.

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.

NOTE 8 LEASE COMMITMENTS:

Women's Empowerment leases office space under a month-to-month operating lease. The 2010 and 2009 annual rent expense is \$13,800 and \$12,900 respectively. A 48-month operating lease for an office copier was established in 2009. The future minimum rental payments are as follows:

| | | |
|------|----|-------|
| 2011 | \$ | 1,188 |
| 2012 | | 1,188 |
| 2013 | | 594 |
| 2014 | | - |

NOTE 9 NET ASSETS:

Temporarily restricted net assets are restricted to the following purposes:

| | <u>2010</u> | <u>2009</u> |
|--|------------------|------------------|
| Net Asset Balance, Beginning of Year | \$ 75,200 | \$ 30,200 |
| Grant Funds for 2010 Programs | | 75,000 |
| Grant Funds for 2011 Programs | 90,000 | |
| Grant Funds Released for 2009 Programs | - | (30,000) |
| Grant Funds Released for 2010 Programs | (75,000) | - |
| Net Asset Balance, End of Year | <u>\$ 90,200</u> | <u>\$ 75,200</u> |

NOTE 10 CONCENTRATIONS:

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

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 11 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 19, 2011, which is the date the financial statements were available to be issued.