

WOMEN'S EMPOWERMENT

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31, 2015 AND 2014**

WOMEN'S EMPOWERMENT

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Women's Empowerment
Sacramento, California**

We have audited the accompanying statement of financial position of Women's Empowerment, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

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 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 Women's Empowerment as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Women's Empowerment as of December 31, 2014, were audited by other auditors whose report dated August 25, 2015 expressed an unmodified opinion on those statements.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

September 27, 2016

WOMEN'S EMPOWERMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 181,444	\$ 109,848
Receivables	85,738	79,137
Inventory	13,494	18,910
Prepaid expenses	<u>11,672</u>	<u>4,758</u>
Total current assets	292,348	212,653
INVESTMENTS	407,220	281,045
PROPERTY AND EQUIPMENT, NET	<u>34,412</u>	<u>23,772</u>
TOTAL ASSETS	<u>\$ 733,980</u>	<u>\$ 517,470</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 45,720</u>	<u>\$ 36,936</u>
Total current liabilities	<u>45,720</u>	<u>36,936</u>
NET ASSETS:		
Unrestricted	417,769	342,332
Temporarily restricted	<u>270,491</u>	<u>138,202</u>
Total net assets	<u>688,260</u>	<u>480,534</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 733,980</u>	<u>\$ 517,470</u>

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

WOMEN'S EMPOWERMENT
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS:		
REVENUES:		
Grants and contributions	\$ 429,246	\$ 337,155
Contributed goods and services	482,476	364,138
Event revenue (net of direct benefits of \$79,397 for 2015 and \$62,484 for 2014)	135,981	152,808
Get A Job Kit sales (net of cost of sales of \$9,755 for 2015 and \$24,261 in 2014)	17,598	16,910
Investment income	6,176	14,314
Other income	1,217	
Net assets released from restrictions	<u>228,511</u>	<u>165,666</u>
Total revenues	<u>1,301,205</u>	<u>1,050,991</u>
 EXPENSES:		
Program services	<u>1,056,460</u>	<u>1,009,035</u>
Support services:		
Promotion and fundraising	89,252	83,336
Management and administration	<u>80,056</u>	<u>52,602</u>
Total support services	<u>169,308</u>	<u>135,938</u>
Total expenses	<u>1,225,768</u>	<u>1,144,973</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 <u>75,437</u>	 <u>(93,982)</u>
 TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	360,800	176,500
Net assets released from restrictions	<u>(228,511)</u>	<u>(165,666)</u>
 INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>132,289</u>	 <u>10,834</u>
 INCREASE (DECREASE) IN NET ASSETS	 207,726	 (83,148)
 NET ASSETS, Beginning of Year	 <u>480,534</u>	 <u>563,682</u>
 NET ASSETS, End of Year	 <u>\$ 688,260</u>	 <u>\$ 480,534</u>

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

WOMEN'S EMPOWERMENT

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014
	<u>Program Services</u>	<u>Promotion & Fundraising</u>	<u>Management & Administrative</u>	<u>Total</u>	<u>Total</u>
Personnel expense	\$ 500,943	\$ 66,904	\$ 43,638	\$ 611,485	\$ 551,991
In-kind goods and services	408,677		9,027	417,704	334,466
Occupancy	60,707		3,195	63,902	69,251
Professional services	17,164	12,691	18,129	47,984	85,309
Travel	15,494		231	15,725	13,178
Marketing and promotion	4,476	8,235		12,711	32,886
Depreciation	11,080		583	11,663	8,429
Get a Job Kit expense	9,951			9,951	8,352
Taxes, licenses, fees and permits	6,662		2,026	8,688	9,960
Volunteer expense	6,216			6,216	13,278
Rental equipment	4,651			4,651	4,504
Supplies	2,974			2,974	1,711
Meeting expense			1,895	1,895	2,980
Other	7,465	1,422	1,332	10,219	8,678
Total	<u>\$ 1,056,460</u>	<u>\$ 89,252</u>	<u>\$ 80,056</u>	<u>\$ 1,225,768</u>	<u>\$ 1,144,973</u>

WOMEN'S EMPOWERMENT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 207,726	\$ (83,148)
Reconciliation to net cash provided (used) by operating activities:		
Depreciation	11,663	8,429
Donated property and equipment	(12,000)	(2,480)
Loss on disposal of property and equipment	132	
Realized and unrealized (gain) loss on investments	2,242	(4,227)
Changes in:		
Inventory	5,416	(18,910)
Receivables	(6,601)	49,175
Prepaid expenses	(6,914)	(564)
Accounts payable and accrued expenses	8,784	18,272
Net cash provided (used) by operating activities	<u>210,448</u>	<u>(33,453)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(128,417)	(10,087)
Purchases of property and equipment	(10,435)	
Proceeds from the sale of investments		<u>26</u>
Net cash used by investing activities	<u>(138,852)</u>	<u>(10,061)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 71,596	 (43,514)
 CASH AND CASH EQUIVALENTS, Beginning of Year	 <u>109,848</u>	 <u>153,362</u>
 CASH AND CASH EQUIVALENTS, End of Year	 <u>\$ 181,444</u>	 <u>\$ 109,848</u>

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

WOMEN'S EMPOWERMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Women's Empowerment (the Agency) is a nonprofit benefit Corporation incorporated in 2004 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.

Basis of accounting – The financial statements of the Agency are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Agency has no permanently restricted net assets.

Cash and cash equivalents – For financial statement purposes, the Agency considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long term purposes.

The Agency minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Agency has not experienced any losses in such accounts and management believes the Agency is not exposed to any significant credit risk related to cash.

Revenue recognition – 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. Event revenue is recognized in the period the event takes place. Get A Job Kit revenue is recorded when products are sold to customers.

Receivables – 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 pledgers 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. Other receivables primarily represent amounts the Agency expects to collect from customers for the sale of Get A Job Kits produced in the Get A Job Kit program. All other receivables have been deemed by management to be collectible. No allowance for doubtful accounts was recorded at December 31, 2015 and 2014.

Inventory – Inventory consists of completed Get A Job Kits and various raw materials and supplies which are used as components for the production of Get A Job Kits. Inventory is valued using the lower of cost or market, determined using the average cost method.

The Get A Job Kit training program began in 2014 when the creator of the product donated their inventory and copyright to Women's Empowerment. The Agency has utilized this donation to provide a paid training program to women, helping them develop the workplace skills and improve their chances of employment.

WOMEN'S EMPOWERMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

Investments – The Agency reports its marketable securities and investments at fair market value. Changes in market value and realized gains and losses are included in investment income.

Property and equipment – The Agency capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are recorded at cost, with the exception of donated items, which are recorded at fair value at the time of the donation. Assets are depreciated using the straight-line method over estimated useful lives.

Contributed goods and services – The value of certain donated goods and services represents the estimated value if purchased. These amounts have been reflected in the financial statements for the in-kind goods and services donated to the Agency.

Donated auction items for fundraising events are recorded at the donors' estimate of value. After the items are sold at auction the value is adjusted to sales price received by the Agency.

Functional allocation of 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.

Income taxes – Women's Empowerment is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from state income tax under Section 23701(d) of the California Revenue and Taxation Code and is not classified as a private foundation. Accordingly, no provision for income taxes has been made in the financial statements. The Agency has applied accounting principles related to the accounting for uncertainty in income taxes and has determined there is no material impact on the financial statements. With some exceptions, the Agency is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2011.

Use of estimates – The preparation of financial statements in conformity with 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.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

WOMEN'S EMPOWERMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

Subsequent events have been reviewed through September 27, 2016, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2015 that require recognition or disclosure in such financial statements.

Reclassifications – Certain 2014 amounts have been reclassified to conform with the 2015 financial statement presentation.

2. INVESTMENTS

Investments consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Cash held for long term purposes	\$ 120,000	
Mutual funds:		
Large growth	79,529	\$ 69,840
Mid blend	69,963	71,553
Small blend	68,608	68,707
Blended bond fund	<u>69,120</u>	<u>70,945</u>
Total	<u>\$ 407,220</u>	<u>\$ 281,045</u>

Investment income consists of the following:

	<u>2015</u>	<u>2014</u>
Interest income	\$ 8,418	\$ 10,087
Net realized and unrealized gain (loss) on investments	<u>(2,242)</u>	<u>4,227</u>
Total	<u>\$ 6,176</u>	<u>\$ 14,314</u>

All investments are classified within Level 1 of the fair value hierarchy because they are measured by pricing on publicly traded markets with reasonable levels of price transparency.

WOMEN'S EMPOWERMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Computer equipment	\$ 54,543	\$ 38,802
Office furniture and equipment	16,982	15,429
Software	15,622	10,980
Presentation equipment	1,400	1,400
Vehicles	4,000	4,000
Total	<u>92,547</u>	<u>70,611</u>
Less accumulated depreciation	<u>(58,135)</u>	<u>(46,839)</u>
Property and equipment, net	<u>\$ 34,412</u>	<u>\$ 23,772</u>

4. CONTRIBUTED SERVICES

The Agency recognizes contribution revenue for certain services received at the fair value of those services. Those services include the following items at December 31:

	<u>2015</u>	<u>2014</u>
Program services		
Program instructors	\$ 45,084	\$ 45,831
Social work volunteer	22,800	17,475
VSP eye exams	20,000	10,000
Leadership and other trainings	6,536	150
Computer lab maintenance	6,000	6,000
Interns	5,063	11,250
Graphic design	3,572	2,727
Get A Job Kit project management and business plan	2,880	3,160
Childcare site visits	1,000	1,000
Other program services	5,647	1,300
Total program services	<u>118,582</u>	<u>98,893</u>
General and administrative		
Auditing and accounting services	<u>11,000</u>	<u>8,977</u>
Fundraising		
Graphic design	8,335	6,364
Special event	<u> </u>	<u>12,358</u>
Total fundraising services	<u>8,335</u>	<u>18,722</u>
Total contributed services	<u>\$ 137,917</u>	<u>\$ 126,592</u>

WOMEN'S EMPOWERMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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.

5. LEASE COMMITMENTS

In 2012, the Agency entered into an agreement with the County of Sacramento (County) to lease building space. The agreement expires December 30, 2017. The terms of the agreement provide that the Agency shall pay rent in the amount of \$1 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 fair value of the building lease is recognized as a contributed good of \$180,536. 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 Agency is required to 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 term of lease and upon hundred and eighty (180) days written notice, to demand and receive reassignment from the Agency of all, or any portion of, the leased property. The County is not liable to the Agency for costs associated with the County's exercise of its rights. The County has provided the Agency the use of office furniture to use in its operations throughout their lease term. There is no expectation that the Agency will retain the furniture at the completion of the lease. The Agency considers this agreement to be conditional both on future performance and the County's election to continue the agreement; therefore the Agency has not recorded restricted contribution income related to the value of future reduced lease payments. This reduced rent expense makes of a large portion of the Agency's contributed goods, and would be a significant expense if not contributed to the Agency.

Additionally, the Agency has a lease for an office copier expiring in April 2018. The lease will automatically renew 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:

<u>Year Ending December 31,</u>	
2016	\$ 2,712
2017	2,712
2018	<u>904</u>
Total	<u>\$ 6,328</u>

WOMEN'S EMPOWERMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

6. NET ASSETS

Temporarily restricted net assets are restricted to the following purposes:

	<u>2015</u>	<u>2014</u>
Use in future periods for Agency programs	\$ 194,176	\$ 99,871
Get A Job program	40,298	28,331
Other Agency programs	<u>36,017</u>	<u>10,000</u>
Total	<u>\$ 270,491</u>	<u>\$ 138,202</u>

7. RETIREMENT PLAN

The Agency offers a Savings Incentive Match Plan for Employees of Small Employers (the Plan) for all employees. The Agency matches employee contributions up to 3% of the salary of all eligible employees. The Agency contributed \$6,641 and \$7,053 to the Plan in the years ended December 31, 2015 and 2014, respectively.