

**Women's Empowerment
FINANCIAL STATEMENTS
December 31, 2007 and 2006**

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, 2007 and 2006, 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 audit.

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, 2007 and 2006, 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 21, 2008
Sacramento, CA

Women's Empowerment

STATEMENT OF FINANCIAL POSITION

December 31

ASSETS

	<u>2007</u>	<u>2006</u>
Current Assets		
Cash - Note 3	\$ 213,304	\$ 170,224
Grants Receivable	<u>35,000</u>	<u>101,250</u>
Total Current Assets	248,304	271,474
Fixed Assets - Note 4	<u>2,664</u>	<u>2,486</u>
Total Assets	<u>\$ 250,968</u>	<u>\$ 273,960</u>

LIABILITIES AND NET ASSETS

Net Assets		
Unrestricted	\$ 184,968	\$ 172,710
Temporarily Restricted - Note 7	<u>66,000</u>	<u>101,250</u>
Total Net Assets	<u>250,968</u>	<u>273,960</u>
Total Liabilities and Net Assets	<u>\$ 250,968</u>	<u>\$ 273,960</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>2007</u>	<u>2006</u>
Unrestricted Revenue & Support		
Grants	\$ 72,515	\$ 86,850
In-Kind Goods & Services	172,801	130,754
Contributions:United Way	2,088	706
Contributions:Individual Donations	59,969	51,699
Contributions:Non Individual	17,512	17,232
Other Income	3,093	787
	<u>327,978</u>	<u>288,028</u>
Special Events	75,630	50,544
Less: Direct Costs	<u>(44,157)</u>	<u>(27,285)</u>
Net Special Events	31,473	23,259
Net Assets Released From Restriction	<u>41,250</u>	<u>44,313</u>
Total Unrestricted Revenue & Support	400,701	355,600
Expenses		
Program Services	330,024	257,034
General and Administrative	33,845	38,409
Fundraising	<u>24,574</u>	<u>19,933</u>
Total Expenses	388,443	315,376
Net Increase in Unrestricted Net Assets	12,258	40,224
Changes in Temporarily Restricted Net Assets		
Grants	6,000	101,250
Net Assets Released from Restriction	<u>(41,250)</u>	<u>(44,313)</u>
Net Increase(Decrease) in Temporarily Restricted Net Assets	<u>(35,250)</u>	<u>56,937</u>
Increase(Decrease) in Net Assets	(22,992)	97,161
Net Assets, Beginning of Year	<u>273,960</u>	<u>176,799</u>
Net Assets, End of Year	<u>\$ 250,968</u>	<u>\$ 273,960</u>

See notes to the financial statements

Women's Empowerment
STATEMENT OF CASH FLOWS
For the Year Ended December 31

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Changes in Net Assets	\$ (22,992)	\$ 97,161
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	785	785
In-kind contribution of fixed assets	(963)	
(Increase)/Decrease in:		
Prepaid Expenses	0	2,902
Grants Receivable	66,250	(101,250)
(Decrease)/Increase in:		
Accrued Liabilities	<u>0</u>	<u>(1,137)</u>
Net Cash Provided by Operating Activities	<u>43,080</u>	<u>(1,539)</u>
Cash and Cash Equivalents, Beginning of Year	<u>170,224</u>	<u>171,763</u>
Cash and Cash Equivalents, End of Year	<u>\$ 213,304</u>	<u>\$ 170,224</u>

See notes to the financial statements

Women's Empowerment

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2007 and Total for 2006

	Total Program			Current Year		Prior Year Total
	Services	General and Administrative	Fund-Raising	Total Support Services	Total Expenses	
Wages & Salaries	\$ 133,067	\$ 11,903	\$ 1,318	\$ 13,221	\$ 146,288	\$ 114,894
Benefits & Taxes	28,196	3,324	367	3,691	31,887	26,569
Other Personnel Costs	916	32		32	948	1,352
Professional Services	8,476	2,262		2,262	10,738	9,947
Assistance to Students	318			-	318	287
Other Program Services	6,664			-	6,664	3,116
Educational Supplies	1,057			-	1,057	2,417
Appeal Letter			7,051	7,051	7,051	4,060
Marketing			738	738	738	2,308
Occupancy Costs	16,243	1,787		1,787	18,030	17,648
Utilities	2,702	298		298	3,000	2,888
Telephone	4,094	454		454	4,548	3,746
Insurance	1,638	1,516		1,516	3,154	2,925
Other Operating Expenses	8,258	-		-	8,258	5,548
Bank Fees			1,101	1,101	1,101	1,086
Office Supplies	3,271	363		363	3,634	4,090
Postage & Delivery	1,245		1,000	1,000	2,245	3,089
In-Kind Goods & Services	113,879	11,120	13,000	24,120	137,999	108,621
Total Expenses Before Depreciation	330,024	33,060	24,574	57,634	387,658	314,591
Depreciation		785		785	785	785
Total Expenses	\$ 330,024	\$ 33,845	\$ 24,574	\$ 58,419	\$ 388,443	\$ 315,376

See notes to the financial statements

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1 ORGANIZATION:

The mission of Women's Empowerment is to educate and empower women who are homeless with the skills and 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, 2007 and 2006

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 to be collectible by management. The allowance for doubtful accounts is zero.

E. Fixed Assets

Fixed assets consist of computers 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. 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.

G. 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, 2007 and 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

H. 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, 2007 and 2006 is \$22,820 and \$25,637 respectively.

I. 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.

J. 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, 2007 and 2006

NOTE 3 CASH:

Cash consists of the following:

	<u>2007</u>	<u>2006</u>
Checking	\$ 24,847	\$ 119,760
Money Market	107,901	0
Certificates of Deposit	80,337	50,245
Petty Cash on hand	<u>219</u>	<u>219</u>
Total Cash Balance	<u>\$ 213,304</u>	<u>\$ 170,224</u>

Cash balances held in banks are insured up to \$100,000 by the Federal Depository Insurance Corporation. Cash in excess of the insured amount at December 31, 2007 and 2006 was \$8,001 and \$19,760 respectively.

NOTE 4 FIXED ASSETS:

Fixed assets consist of the following:

	<u>2007</u>	<u>2006</u>
Computer Equipment	\$ 4,888	\$ 3,925
Less Accumulated Depreciation	<u>(2,224)</u>	<u>(1,439)</u>
Total Equipment	<u>\$ 2,664</u>	<u>\$ 2,486</u>

Depreciation for the year ended December 31, 2007 and 2006 was \$785 and \$785 respectively.

NOTE 5 ACCUMULATED VACATION AND SICK LEAVE:

The employees do not have a vested right to accumulated sick leave or vacation leave. For this reason, the Agency does not accrue a liability for accumulated leave benefits. Vacation and sick leave benefits are recorded as expenditures in the period such leave is taken.

NOTE 6 LEASE COMMITMENT:

Women's Empowerment leases office space under a month-to-month operating lease. The 2007 and 2006 annual rent expense was \$16,380 and \$15,788 respectively.

Women's Empowerment

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 7 NET ASSETS:

Temporarily restricted net assets are restricted to the following purposes:

	<u>2007</u>	<u>2006</u>
Net Asset Balance, beginning of year	\$ 101,250	\$ 44,313
Grant funds for specific purpose	6,000	0
Grant funds for 2007 programs	0	41,250
Grant funds for 2008 programs	0	30,000
Grant funds for 2009 programs	0	30,000
Grant funds released for 2006 programs	0	(44,313)
Grant funds released for 2007 programs	<u>(41,250)</u>	<u>0</u>
Net Asset Balance, end of year	<u>\$ 66,000</u>	<u>\$ 101,250</u>

NOTE 8 CONCENTRATIONS:

One Donor provides discounted rent for operations as well as catering for the major fundraising event each year. This donor accounts for 26% of the total in-kind goods and services received by the organization for the year ended December 31, 2007.