# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS' REPORT</td>
<td>1</td>
</tr>
<tr>
<td>STATEMENT OF FINANCIAL POSITION</td>
<td>2</td>
</tr>
<tr>
<td>STATEMENT OF ACTIVITIES</td>
<td>3</td>
</tr>
<tr>
<td>STATEMENT OF FUNCTIONAL EXPENSES</td>
<td>4</td>
</tr>
<tr>
<td>STATEMENT OF CASH FLOWS</td>
<td>5</td>
</tr>
<tr>
<td>NOTES TO THE FINANCIAL STATEMENTS</td>
<td>6</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
HIV/AIDS Empowerment Resource Center for Young Women, Inc.
d/b/a Empowerment Resource Center
100 Edgewood Avenue, NE
Suite 1020
Atlanta, GA 30303

We have audited the accompanying statement of financial position of HIV/AIDS Empowerment Resource Center for Young Women, Inc. d/b/a Empowerment Resource Center (the Organization) as of December 31, 2010 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization’s management. Our responsibility is to express an opinion on these financial statements based upon 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 HIV/AIDS Empowerment Resource Center for Young Women, Inc. d/b/a Empowerment Resource Center as of December 31, 2010 and 2011 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Atlanta, Georgia
August 31, 2012
HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.  
D/B/A EMPOWERMENT RESOURCE CENTER  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2010 AND 2011

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 337</td>
<td>$ 44,085</td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td>-</td>
<td>2,014</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>12,250</td>
<td>4,260</td>
</tr>
<tr>
<td>Total current assets</td>
<td>12,587</td>
<td>50,359</td>
</tr>
<tr>
<td>PROPERTY &amp; EQUIPMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; equipment</td>
<td>6,733</td>
<td>14,260</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(3,310)</td>
<td>(6,274)</td>
</tr>
<tr>
<td>Total property &amp; equipment - net</td>
<td>3,423</td>
<td>7,986</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent deposits</td>
<td>1,183</td>
<td>4,679</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 17,193</td>
<td>$ 63,024</td>
</tr>
</tbody>
</table>

| LIABILITIES AND NET ASSETS |      |      |
| LIABILITIES: |      |      |
| Accounts payable | $ 11,753 | $ 1,504 |
| Demand loan | 1,000 | - |
| Accrued liabilities | - | 858 |
| Total liabilities | 12,753 | 2,362 |
| NET ASSETS: |      |      |
| Unrestricted | 4,440 | 24,476 |
| Temporarily restricted | - | 36,186 |
| Total net assets | 4,440 | 60,662 |
| Total liabilities and net assets | $ 17,193 | $ 63,024 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
-2-
HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.  
D/B/A EMPOWERMENT RESOURCE CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2011

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGES IN UNRESTRICTED NET ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES &amp; SUPPORT:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>$103,340</td>
<td>$144,997</td>
</tr>
<tr>
<td>Contributions</td>
<td>6,183</td>
<td>20,444</td>
</tr>
<tr>
<td>Donations in-kind</td>
<td>109,340</td>
<td>120,325</td>
</tr>
<tr>
<td><strong>Total revenue and support</strong></td>
<td>218,863</td>
<td>285,766</td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>166,106</td>
<td>198,052</td>
</tr>
<tr>
<td>Fundraising expenses</td>
<td>33,357</td>
<td>37,709</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>26,073</td>
<td>29,969</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>225,536</td>
<td>265,730</td>
</tr>
<tr>
<td><strong>Increase (decrease) in unrestricted net assets</strong></td>
<td>(6,673)</td>
<td>20,036</td>
</tr>
<tr>
<td><strong>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted contributions</td>
<td>-</td>
<td>36,186</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN NET ASSETS</strong></td>
<td>(6,673)</td>
<td>56,222</td>
</tr>
<tr>
<td><strong>NET ASSETS - BEGINNING OF YEAR</strong></td>
<td>11,113</td>
<td>4,440</td>
</tr>
<tr>
<td><strong>NET ASSETS - END OF YEAR</strong></td>
<td>$4,440</td>
<td>$60,662</td>
</tr>
</tbody>
</table>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

-3-
HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2011

<table>
<thead>
<tr>
<th></th>
<th>Program Expenses</th>
<th>Fundraising Expenses</th>
<th>G &amp; A Expenses</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>December 31, 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$ 146,810</td>
<td>$ 36,703</td>
<td>$ 20,390</td>
<td>$ 203,903</td>
</tr>
<tr>
<td>Facilities</td>
<td>32,092</td>
<td>-</td>
<td>1,689</td>
<td>33,781</td>
</tr>
<tr>
<td>Supplies</td>
<td>19,150</td>
<td>1,006</td>
<td>2,240</td>
<td>22,396</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>-</td>
<td>5,650</td>
<td>5,650</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$ 198,052</td>
<td>$ 37,709</td>
<td>$ 29,969</td>
<td>$ 265,730</td>
</tr>
</tbody>
</table>

|                      |                  |                      |                |                |
| **December 31, 2010**|                  |                      |                |                |
| Personnel expenses   | $ 130,289        | $ 32,572             | $ 18,096       | $ 180,957      |
| Facilities           | 18,495           | -                    | 973            | 19,468         |
| Supplies             | 17,322           | 785                  | 2,012          | 20,119         |
| Professional fees    | -                | -                    | 4,992          | 4,992          |
| **Total expenses**   | $ 166,106        | $ 33,357             | $ 26,073       | $ 225,536      |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
-4-
HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.  
D/B/A EMPOWERMENT RESOURCE CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2011

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>$(6,673)</td>
<td>$56,222</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,755</td>
<td>2,964</td>
</tr>
<tr>
<td>(Increase) decrease in grants receivable</td>
<td>(450)</td>
<td>7,990</td>
</tr>
<tr>
<td>(Increase) in security deposit</td>
<td>(664)</td>
<td>(3,496)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>5,057</td>
<td>(10,249)</td>
</tr>
<tr>
<td>Increase in accrued liabilities</td>
<td></td>
<td>858</td>
</tr>
<tr>
<td><strong>Net cash provided by (used by) operating activities</strong></td>
<td>(975)</td>
<td>54,289</td>
</tr>
</tbody>
</table>

**CASH FLOWS (USED BY) INVESTING ACTIVITIES:**

|                                |         |         |
| Investment in certificate of deposit |         | (2,014) |
| Purchase of furniture & equipment  | (1,550) | (7,527) |
| **Net cash (used by) investing activities** | (1,550) | (9,541) |

**CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES:**

| Net proceeds from (repayment of) demand loan | 929     | (1,000) |

**NET INCREASE (DECREASE) IN CASH**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$(1,596)</td>
<td>43,748</td>
</tr>
</tbody>
</table>

**CASH, BEGINNING OF YEAR**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,933</td>
<td>337</td>
</tr>
</tbody>
</table>

**CASH, END OF YEAR**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$337</td>
<td>$44,085</td>
</tr>
</tbody>
</table>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year for:

|                                | 2010   | 2011   |
| Interest                       | $-     | $-     |
| Income taxes                   | $-     | $-     |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

-5-
HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2011

Located in Atlanta, Georgia, HIV/AIDS Empowerment Resource Center for Young Women, Inc. d/b/a Empowerment Resource Center (The Organization) was incorporated as a nonprofit organization in June 2006. The Organization delivers programs and generates solutions to societal and community issues affecting HIV transmission such as sexual abuse, literacy, domestic violence, substance abuse and poor health conditions.

Note A – Summary of Significant Accounting Policies

The Organization’s Summary of Significant Accounting Policies is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the statements’ preparation. The financial statements and notes are representations of the Organization’s management, who are responsible for their integrity and objectivity.

Basis of Accounting and Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Information regarding its financial position and activities is presented under three separate net asset classifications: unrestricted, temporarily restricted and permanently restricted net assets. As of December 31, 2010 and 2011, there were no permanently restricted net assets. Certain amounts reported for 2010 have been reclassified from their previously reported categories in order to present them in a format comparable to those reported for 2011.

Receivables - The Organization records grants receivable upon execution of the grant contract. The primary payment source for these receivables is from contributors and cost reimbursement contracts. The Organization records an allowance for uncollectable accounts receivable and adjusts the required provision based upon an evaluation of its historical experience and industry averages. As of December 31, 2010 and 2011, the Organization concluded that no allowance for uncollectable accounts was required.

Property and Equipment - Purchased property and equipment is carried at cost. Donated property and equipment is carried at approximate fair value at donation date. Expenditures of $1,500 or more for repairs, maintenance, renewals and betterments which prolong an asset’s useful life beyond 2 years are capitalized. The cost of assets retired or sold and their associated accumulated depreciation are removed from the accounts upon disposition, with any related gain or loss included in income. Depreciation is provided under the straight-line method over each asset’s estimated useful life. Depreciation expense for the years ended December 31, 2010 and 2011 was $1,755 and $2,964, respectively.

Restricted and Unrestricted Revenue – Donor-restricted contributions are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction expires or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Assets and Services - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with generally accepted accounting principles. If the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization, a contribution and an expense of equal amounts are recognized. During 2010 and 2011, the Organization recognized in-kind donations of $109,340 and $120,325, respectively.
Note A – Summary of Significant Accounting Policies (Continued)

Costs Allocated to Programs - The Organization applies allocation formulas to certain groups of expenses to make allocations of expenses to administration, resource development and programs. The allocation formulas are derived from cost of labor based upon personnel assignments and upon the space and resources assigned to the personnel involved in an activity. In addition, there are analyses of time expended for certain activities. Allocation formulas are reevaluated annually or as material changes warrant.

Tax Exempt Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2010 and 2011, the Organization had no unrelated business income and, accordingly, no unrelated business income tax. The Financial Accounting Standards Board has issued an Interpretation clarifying when an uncertainty in income taxes should be recognized or disclosed in the Organization’s financial statements. The Organization has reviewed its tax positions and has determined that there are no tax uncertainties requiring recognition or disclosure for the years open to potential IRS examination (2008-2011).

Fair Value of Financial Instruments - The Organization’s financial instruments include cash, a certificate of deposit, grants receivable, accounts payable and accrued liabilities. The carrying value of these instruments approximates fair value due to their relatively short-term nature.

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 affecting the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Note B – Office Lease

The Organization leased office space under an operating lease which expired in November 2011. Rental expense under that lease was $14,664 and $21,017 in 2010 and 2011, respectively. In December 2011, the Organization executed a lease for new facilities at 100 Edgewood Avenue. The lease term begins January 1, 2012 and terminates on May 31, 2017. As of December 31, 2011, minimum future rental payments under the lease are:

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$ 24,472</td>
</tr>
<tr>
<td>2013</td>
<td>43,224</td>
</tr>
<tr>
<td>2014</td>
<td>44,520</td>
</tr>
<tr>
<td>2015</td>
<td>45,852</td>
</tr>
<tr>
<td>2016</td>
<td>47,244</td>
</tr>
<tr>
<td>Thereafter</td>
<td>20,275</td>
</tr>
<tr>
<td>Total</td>
<td>$225,587</td>
</tr>
</tbody>
</table>
HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2011

Note C – Concentration of Credit Risks

The Organization maintains its cash at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC-insured limit has been increased to 100% of noninterest-bearing deposits plus up to $250,000 of interest-bearing deposits per financial institution. As of December 31, 2010 and 2011, the Organization’s balances did not exceed these insured limits. Management believes that the FDIC backing and the quality of the financial institution with which these amounts are deposited minimizes any potential risk of material loss.

Note D – Economic Environment

During 2011 and thus far in 2012, the United States and global credit markets continue to be impacted by the financial crisis which occurred in 2008, resulting in several high-profile investment and commercial bank failures. These problems have affected the broader U.S. and global markets, as well as consumer confidence. It is uncertain how this downturn in the financial markets and consumer confidence may affect the operations, funding and contribution income of nonprofit organizations in the near future.

Note E – Subsequent Events

Management has evaluated events and transactions which occurred through August 31, 2012, which was the date the financial statements were available to be issued. As a result of this evaluation, management has determined that no events or transactions are required to be disclosed.