

**HIV/AIDS EMPOWERMENT RESOURCE CENTER
FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2013**

R. Michael LaBounty & Associates, P.C.
Certified Public Accountants
2750 Buford Highway, Suite 247
Atlanta, Georgia 30324

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES.....	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8



R. MICHAEL LABOUNTY
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

2750 BUFORD HIGHWAY, SUITE 247
ATLANTA, GA 30324
ph: 404-636-6272 fax: 404-636-6271
5 SAWCRASS RUN
ST. SIMONS ISLAND, GA 31522
ph: 912-222-4206 fax: 912-268-2594

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

Report on the Financial Statements

We have audited the accompanying financial statements of HIV/AIDS Empowerment Resource Center for Young Women, Inc. d/b/a Empowerment Resource Center (the Organization), which comprise the statements of financial position as of December 31, 2012 and 2013, and the related statements of activities, functional expenses and cash flows for the years 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 upon our audits. 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 audits 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 upon 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.

To the Board of Directors
HIV/AIDS Empowerment Resource Center for Young Women, Inc.

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, 2012 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

R. MICHAEL LaBOUNTY & ASSOCIATES, PC

Atlanta, Georgia
August 1, 2014

**HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012 AND 2013**

	2012	2013
ASSETS		
CURRENT ASSETS:		
Cash	\$ 962	\$ 63,283
Grants receivable	27,234	10,373
Prepaid expenses	<u>3,512</u>	<u>-</u>
Total current assets	<u>31,708</u>	<u>73,656</u>
PROPERTY & EQUIPMENT:		
Furniture & equipment	21,627	24,795
Vehicle	<u>3,888</u>	<u>7,888</u>
Total property & equipment	25,515	32,683
Accumulated depreciation	<u>(11,351)</u>	<u>(17,168)</u>
Total property & equipment - net	<u>14,164</u>	<u>15,515</u>
OTHER ASSETS:		
Rent deposits	<u>3,496</u>	<u>3,496</u>
Total assets	<u>\$ 49,368</u>	<u>\$ 92,667</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2012 AND 2013**

	2012	2013
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 5,025	\$ 2,238
Demand loan	12,000	-
Accrued liabilities	<u>1,128</u>	<u>17,022</u>
Total liabilities	<u>18,153</u>	<u>19,260</u>
NET ASSETS:		
Unrestricted	<u>31,215</u>	<u>73,407</u>
Total net assets	<u>31,215</u>	<u>73,407</u>
Total liabilities and net assets	<u>\$ 49,368</u>	<u>\$ 92,667</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

HIV/AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2013

	2012	2013
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUES & SUPPORT:		
Government grants	\$ 174,339	\$ 308,149
Contributions	32,236	63,656
Donations in-kind	106,119	108,355
Released restrictions	<u>36,186</u>	<u>2,388</u>
 Total revenues & support	 <u>348,880</u>	 <u>482,549</u>
 EXPENSES:		
Program expenses	253,576	330,698
Fundraising expenses	48,320	61,309
General & administrative expenses	<u>40,245</u>	<u>48,350</u>
 Total expenses	 <u>342,141</u>	 <u>440,356</u>
 Increase in unrestricted net assets	 <u>6,739</u>	 <u>42,192</u>
 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Restricted contributions	<u>(36,186)</u>	<u>-</u>
 INCREASE (DECREASE) IN NET ASSETS	 (29,447)	 42,192
 NET ASSETS - BEGINNING OF YEAR	 <u>60,662</u>	 <u>31,215</u>
 NET ASSETS - END OF YEAR	 <u>\$ 31,215</u>	 <u>\$ 73,407</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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, 2012 AND 2013

	<u>Program Expenses</u>	<u>Fundraising Expenses</u>	<u>G & A Expenses</u>	<u>Total Expenses</u>
December 31, 2013				
Personnel expenses	\$ 237,094	\$ 59,152	\$ 32,916	\$ 329,162
Supplies	39,797	2,157	4,649	46,603
Facilities	53,807	-	2,832	56,639
Professional fees	<u>-</u>	<u>-</u>	<u>7,953</u>	<u>7,953</u>
Total expenses	<u>\$ 330,698</u>	<u>\$ 61,309</u>	<u>\$ 48,350</u>	<u>\$ 440,356</u>
December 31, 2012				
Personnel expenses	\$ 184,124	\$ 45,990	\$ 25,568	\$ 255,682
Supplies	34,196	2,330	3,994	40,520
Facilities	35,256	-	1,856	37,112
Professional fees	<u>-</u>	<u>-</u>	<u>8,827</u>	<u>8,827</u>
Total expenses	<u>\$ 253,576</u>	<u>\$ 48,320</u>	<u>\$ 40,245</u>	<u>\$ 342,141</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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, 2012 AND 2013

	2012	2013
CASH FLOWS (USED BY) PROVIDED BY FINANCING ACTIVITIES:		
(Decrease) Increase in net assets	\$ (29,447)	\$ 42,192
Adjustments to reconcile (decrease) increase in net assets to net cash (used by) provided by operating activities		
Depreciation	4,934	5,817
(Increase) decrease in grants receivable	(22,974)	16,861
Decrease in prepaid expenses	-	3,512
(Increase) in security deposit	5,077	-
Increase (decrease) in accounts payable	3,521	(2,787)
Increase in accrued liabilities	270	15,894
	<u>(38,619)</u>	<u>81,489</u>
 CASH FLOWS (USED BY) INVESTING ACTIVITIES:		
Investment in certificate of deposit	2,014	-
Purchase of property & equipment	(18,518)	(7,168)
	<u>(16,504)</u>	<u>(7,168)</u>
 CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
Net proceeds from (repayment of) demand loan	12,000	(12,000)
	<u>(43,123)</u>	<u>62,321</u>
NET (DECREASE) INCREASE IN CASH	(43,123)	62,321
CASH, BEGINNING OF YEAR	44,085	962
	<u>44,085</u>	<u>962</u>
CASH, END OF YEAR	\$ 962	\$ 63,283
	<u>\$ 962</u>	<u>\$ 63,283</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 151	\$ -
	<u>\$ 151</u>	<u>\$ -</u>
Income taxes	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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, 2012 AND 2013

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, 2012 and 2013, there were no permanently restricted net assets.

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, 2012 and 2013, 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 \$1,000 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, 2012 and 2013 was \$4,934 and \$5,817, 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 2012 and 2013, the Organization recognized in-kind donations of \$106,119 and \$108,355, respectively.

**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, 2012 AND 2013**

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, 2012 and 2013, 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 (2010-2013).

Fair Value of Financial Instruments - The Organization’s financial instruments include cash, 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

In December 2011, the Organization executed a lease for new facilities at 100 Edgewood Avenue. The lease term began January 1, 2012 and terminates on May 31, 2017. The rental expense for this space was \$23,801 and \$43,164 for the years ended December 31, 2012 and 2013, respectively. As of December 31, 2013, minimum future rental payments under the lease are:

Year ended December 31,		
2014	\$	44,520
2015		45,852
2016		47,244
2017		<u>20,275</u>
Total	\$	<u>157,891</u>

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, 2012 AND 2013

Note C – Concentration of Credit Risks

The Organization maintains its cash at several financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC-insured limit is \$250,000 per account per financial institution. As of December 31, 2012 and 2013 the Institution's balances did not exceed these insured limit. 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 2013 and thus far in 2014, 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 1, 2014, 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.