

**HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG
WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER**



**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors, Principals and Trustees of
HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC.
D/B/A EMPOWERMENT RESOURCE CENTER:

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 statement of financial position as of December 31, 2016, and the related statements of activities 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

Auditor's 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, 2016 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying *Statement of Functional Expenses* on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated August 24, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

August 24, 2017

The Wesley Peachtree Group

Certified Public Accountants

**HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG
WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER**



**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016**

	2016			
	Unrestricted	Restricted		Total
		Temporarily	Permanently	
ASSETS:				
Cash and cash equivalents	\$ 94,345	\$ -	\$ -	\$ 94,345
Pledges and accounts receivable, <i>less</i> <i>allowance for doubtful accounts</i>	11,608	-	-	11,608
Grants receivable	12,540	-	-	12,540
Prepaid expenses	10,071	-	-	10,071
Property and equipment, <i>at cost,</i> <i>net of accumulated depreciation</i>	27,424	-	-	27,424
Other current assets	-	-	-	-
Deposits on lease	3,496	-	-	3,496
Total Assets	\$ 159,484	\$ -	\$ -	\$ 159,484
LIABILITIES:				
Accounts payable and accrued expenses	\$ 79,717	\$ -	\$ -	\$ 79,717
Total Liabilities	79,717	-	-	79,717
NET ASSETS:				
Unrestricted	79,767	-	-	79,767
Temporarily restricted	-	-	-	-
Permanently restricted	-	-	-	-
Total Net Assets	79,767	-	-	79,767
Total Liabilities and Net Assets	\$ 159,484	\$ -	\$ -	\$ 159,484

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

**HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG
WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER**



**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016			Total
	Unrestricted	Restricted Temporarily	Permanently	
REVENUE AND SUPPORT:				
Contributions	\$ 61,699	\$ 79,000	\$ -	\$ 140,699
Government and foundation grants	-	1,410,329	-	1,410,329
Donated goods	14,242	-	-	14,242
Interest income	20	-	-	20
Other income	1,786	-	-	1,786
Net assets released from restrictions	<u>1,489,329</u>	<u>(1,489,329)</u>	<u>-</u>	<u>-</u>
<i>Total Revenue and Support</i>	<u>1,567,076</u>	<u>-</u>	<u>-</u>	<u>1,567,076</u>
EXPENSES:				
Program services	1,140,093	-	-	1,140,093
Management and general	456,362	-	-	456,362
Fundraising	<u>12,182</u>	<u>-</u>	<u>-</u>	<u>12,182</u>
<i>Total Expenses</i>	<u>1,608,637</u>	<u>-</u>	<u>-</u>	<u>1,608,637</u>
CHANGE IN NET ASSETS	<u>(41,561)</u>	<u>-</u>	<u>-</u>	<u>(41,561)</u>
NET ASSETS, beginning of the year, before prior period adjustment	121,328	25,500	-	146,828
<i>Prior period adjustment (Note 10)</i>	<u>-</u>	<u>(25,500)</u>	<u>-</u>	<u>(25,500)</u>
NET ASSETS, beginning of the year, adjusted	<u>121,328</u>	<u>-</u>	<u>-</u>	<u>121,328</u>
NET ASSETS, end of the year	<u>\$ 79,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,767</u>

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

**HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG
WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER**



**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2016**

2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (41,561)
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities-</i>	
Depreciation expense	9,344
Decrease in pledge receivables	13,392
Increase in grants receivables	(23,947)
Decrease in prepaid expenses	5,534
Decrease in other assets	2,100
Increase in accounts payable and accrued expenses	<u>21,559</u>
<i>Net cash used in operating activities</i>	<u>(13,579)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(4,874)</u>
<i>Net cash used in investing activities</i>	<u>(4,874)</u>

NET DECREASE IN CASH (18,453)

CASH, beginning of the year 112,798

CASH, end of the year \$ 94,345

Supplemental disclosure - donated property and equipment \$ 800

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

**HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG
WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER**



**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016			
	Program Services	Management & General	Fundraising	Total
Personnel and benefits	\$ 593,603	\$ 326,126	\$ -	\$ 919,729
Payroll taxes	49,136	29,417	-	78,553
Professional services	219,589	34,095	21	253,705
Occupancy	102,082	15,863	-	117,945
Office expenses	6,769	11,287	150	18,206
Postage and shipping	-	367	-	367
Printing and publications	-	632	-	632
Program expense and supplies	82,875	6,034	-	88,909
Office equipment and furniture	3,865	1,491	-	5,356
Copier equipment maintenance	3,397	-	-	3,397
Equipment rental	-	3,612	-	3,612
Telephone	14,147	1,297	-	15,444
Computer and internet	4,140	261	-	4,401
Dues and membership	-	2,990	-	2,990
Facilities rental	-	-	12,011	12,011
Payroll fees	1,566	-	-	1,566
Bank charges/Paypal fees	-	489	-	489
Travel	19,627	4,018	-	23,645
Insurance	34,867	-	-	34,867
Depreciation	-	9,344	-	9,344
Advertising	875	1,625	-	2,500
License and permits	154	1,416	-	1,570
Staff training	670	1,953	-	2,623
Parking	183	1,809	-	1,992
Repairs and other	2,548	2,236	-	4,784
Total Expenses	\$ 1,140,093	\$ 456,362	\$ 12,182	\$ 1,608,637

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

HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER



NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

1. DESCRIPTION OF THE CENTER:

HIV AIDS Empowerment Center for Young Women, Inc. d/b/a Empowerment Resource Center (the "Organization") is a non-profit, community-based Organization, with a 501(c)(3) status. Established in 2003 and incorporated in 2006, the Organization provides health-related programs and services, more specifically HIV and sexually transmitted infection prevention education, risk reduction and family planning, counseling, testing, referral, and treatment services, reproductive health services, substance abuse treatment and recovery services, mental health therapy, psychiatric evaluation and medication management, social services and primary medical case management, client advo-

cacy and navigation services, and primary care linkages. The Organization focuses on a broader array of services, assisting both individuals infected and affected by HIV and other sexually transmitted infections.

The Organization possesses several operational resources, which include the Comprehensive Intervention Clinic, Behavioral Health and Outreach Services, and its mobile outreach vehicle fleet, ERC on the M.O.V.E (Mobile Outreach Vehicles). Each strengthens the Organization's capability to directly deliver programs and services and implement its operational strategy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS:

The following is a summary of the Organization's significant accounting policies:

Basis of Accounting-

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation-

The Organization's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations and are fully available at the discretion of management and the Board.

- **Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. At such time, these assets will be reclassified as unrestricted net assets. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.
- **Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all, or part of the return on related investments for general or specific purposes.

**HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG
WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER**



NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: *(Continued)*

Use of Estimates–

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes–

The Organization is recognized as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the 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.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and to recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that will more-likely-than-not be sustained upon examination by taxing authorities. Management has analyzed the tax position taken by the Organization for the year ended December 31, 2016 and believes that there are no such positions as of December 31, 2016.

There are no years under examination by any taxing authority.

Cash and Cash Equivalents–

Cash and cash equivalents include highly liquid instruments with original maturities of three months or less from the date of purchase. The Organization maintains cash balances with various financial institutions, which at times may exceed the Federal Deposit Insurance Corporation limits.

Grants Receivables–

Grants receivable are recorded 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 uncollectible accounts receivable and adjusts the required provision based upon an evaluation of its historical experience and industry averages. As of December 31, 2016, the Organization concluded that no allowance for uncollectible accounts was required.

Fundraising Expenses–

The Organization's fundraising expenses, as determined by those costs charged to fundraising, was \$12,182 for the year ended December 31, 2016.

Advertising Cost–

The Organization incurred advertising cost in the amount of \$2,500 for the year ended December 31, 2016.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: *(Continued)*

Property and Equipment

The Organization capitalizes individual assets of \$1,000 or greater. Contributed property and equipment is recorded at fair value at the date of restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line method over the estimated useful lives as noted below:

Vehicles	5-7 years
Furniture and equipment	3-15 years
Software	3-5 years

The carrying value of property and equipment is evaluated on an on-going basis, based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of

the assets, the useful lives of the assets are revised or the assets are written down to their estimated fair values.

Contributions restricted for the acquisition of long-lived assets are recorded as temporarily restricted net assets. Once placed in service, the capitalized costs of all long-lived assets acquired with restricted contributions are reclassified to unrestricted net assets.

Donated Services

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 2016, the Organization recognized in-kind donations of \$14,242.



**HIV AIDS EMPOWERMENT RESOURCE CENTER FOR YOUNG
WOMEN, INC. D/B/A EMPOWERMENT RESOURCE CENTER**



NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

3. PROPERTY AND EQUIPMENT:

A summary of property and equipment at December 31, 2016 is as follows:

	<u>2016</u>
Furniture, fixtures and equipment	\$ 53,811
Vehicles	9,888
Software	<u>14,500</u>
Total property and equipment, <i>at cost</i>	78,199
Less: accumulated depreciation	<u>(50,775)</u>
<i>Property and equipment, net</i>	<u>\$ 27,424</u>

The Organization recognized depreciation expense of \$9,344 during the year ended December 31, 2016.

4. OFFICE LEASE:

In January 2015, the Organization executed an amended lease for its current facilities, expiring in March 2021. In November 2015, a lease was executed for additional space, expiring in March 2019. The rental expense for this space was \$117,945 for the year ended December 31, 2016. As of December 31, 2016, minimum future rental payments under the lease are:

<u>Year Ended December 31,</u>	<u>Amount</u>
2017	\$ 118,345
2018	125,928
2019	92,463
2020	82,836
2021	20,862
Thereafter	<u>-</u>
<i>Total</i>	<u>\$ 440,434</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

5. PENSION PLAN:

During 2015, the Organization instituted a Simple IRA pension plan that covers all employees. Contributions to the plan are based on a percentage of eligible employees' wages. For the year ended

December 31, 2016, the applicable percentage rate was 3% and the amount of pension contributed by the Organization was \$8,951.

6. NET ASSETS:

Temporarily and permanently restricted net assets are grouped and classified as follows at December 31, 2016.

	<u>2016</u>
<i>For general purposes</i>	<u>\$ -</u>

7. 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, 2016 the Organization's balances did not exceed the

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.

8. COMMITMENT AND CONTINGENCIES:

The Organization participates in various federal grant programs, which are governed by various rules and regulations of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustments by the grantor agencies. Management believes there

are no significant contingent liabilities relating to compliance with the rules and regulations, governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

9. SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events from December 31, 2016 (the date of the statement of financial position presented)

through August 24, 2017 (the date of the audit report and the date the financial statements were available to be issued).

10. PRIOR PERIOD ADJUSTMENTS:

The beginning temporarily restricted net assets of the Organization as of January 1, 2016 should have been zero because the receivable balance that it represented was

received and expended prior to 2016. Therefore, temporarily restricted net assets have been restated from \$25,500 to \$0 as a prior period adjustment.



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"Helping to Build Stronger Institutions for the Next Generation"