

EMPOWER HER NETWORK INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

EMPOWER HER NETWORK INC.

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EMPOWER HER NETWORK INC.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF EMPOWER HER NETWORK INC.

Opinion

We have audited the accompanying financial statements of Empower Her Network Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Empower Her Network Inc., as of December 31, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Empower Her Network Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Empower Her Network Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally excepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Empower Her Network Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise a substantial doubt about Empower Her Network Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



HOPE & HERNANDEZ, P.C.
Bridgeport, Connecticut
May 19, 2022

EMPOWER HER NETWORK INC.

FINANCIAL STATEMENTS

**EMPOWER HER NETWORK INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

<u>ASSETS</u>	<u>2021</u>
Current Assets:	
Cash	\$ 411,981
Investments	2,355
Contributions & Grants Receivable - Net	50,000
Inventory - Bracelets & Tote Bags	3,316
Total Current Assets	<u>467,652</u>
TOTAL ASSETS	\$ <u>467,652</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Accounts Payable & Accrued Expenses	\$ 17,675
Deferred Revenue	150,000
Total Current Liabilities	<u>167,675</u>
TOTAL LIABILITIES	<u>167,675</u>
NET ASSETS	
Without Donor Restrictions	299,977
With Donor Restrictions	-
Total Net Assets	<u>299,977</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>467,652</u>

See Accompanying Notes and Accountant's Report.

**EMPOWER HER NETWORK INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUE:	
Board Donations	\$ 70,398
Corporate Donations	28,513
Foundation Grants & Donations	464,775
Individual Donations	107,311
Government Grants	26,675
Paycheck Protection Program Loan Forgiveness	34,610
Bracelet and Tote Bag Sales	248
Contributed Services	<u>40,500</u>
TOTAL SUPPORT AND REVENUE	<u>773,030</u>
EXPENSES:	
Program Services	625,166
Management and General	46,689
Total Expenses	<u>671,855</u>
Change in Net Assets from Operations	101,175
Non-Operating Activities:	
Investment Return, Net	<u>(142)</u>
Total Non-Operating Activities	<u>(142)</u>
CHANGE IN NET ASSETS	101,033
NET ASSETS - BEGINNING OF YEAR	<u>198,944</u>
NET ASSETS - END OF YEAR	<u>\$ 299,977</u>

See Accompanying Notes and Accountant's Report.

**EMPOWER HER NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

EXPENSES	Program Services	Management & General	Totals
Salaries	\$ 84,213	\$ 21,250	\$ 105,463
Payroll Taxes	<u>9,450</u>	<u>1,626</u>	<u>11,076</u>
Total Salaries & Related Expenses	93,663	22,876	116,539
Advocates	190,521	-	190,521
Client Education	83,228	-	83,228
Client Employment	49,534	-	49,534
Client Housing	151,419	-	151,419
Licenses & Membership	7,742	-	7,742
Travel	3,227	4,152	7,379
Telephone & Internet	-	2,939	2,939
Computer & Software Costs	-	8,808	8,808
Outside Contractor Services	650	722	1,372
Processing Fees	-	653	653
Postage & Printing	-	1,279	1,279
Business Registration Fees	-	245	245
Office Supplies	-	904	904
Bank Service Charges	-	177	177
Insurance	1,007	76	1,083
Audit	6,510	490	7,000
Cost of Inventory Sold	-	533	533
Contributed Services	<u>37,665</u>	<u>2,835</u>	<u>40,500</u>
TOTAL EXPENSES	\$ <u>625,166</u>	\$ <u>46,689</u>	\$ <u>671,855</u>

See Accompanying Notes and Accountant's Report.

**EMPOWER HER NETWORK INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>
Change in Net Assets	\$ 101,033
Change in:	
Contributions & Grants Receivable	(50,000)
Inventory	533
Accounts Payable and Accrued Expenses	<u>523</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>52,089</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Paycheck Protection Program Note Forgiveness	<u>(17,305)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(17,305)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	<u>(2,355)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,355)</u>
NET INCREASE (DECREASE) IN CASH	32,429
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>379,552</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 411,981</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for:	
Interest	\$ <u>-</u>
Income Taxes	\$ <u>-</u>

See Accompanying Notes and Accountant's Report.

EMPOWER HER NETWORK INC.

NOTES TO THE FINANCIAL STATEMENTS

EMPOWER HER NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - STATEMENT OF PURPOSE

Empower Her Network collaborates with ready survivors of human trafficking who find themselves in the same vulnerable circumstance that led to their initial exploitation. These women present at high risk for re-trafficking, homelessness, and resorting to sex work. Having been stripped of basic human rights for years and sometimes decades, the women of Empower Her Network face different combinations of intimidating but not insurmountable obstacles. They need assistance tackling societal barriers surrounding housing, education, and unemployment to break exploitation and poverty cycles and remain forever free. Empower Her Network funds those tangible needs while curating confidence, igniting hope, and establishing focus. These skills are purposefully held back from trafficked persons and need to be relearned. Our process is rooted in its strong partnerships with residential shelters and aftercare programs that nominate ready survivors. Empower Her Network's trauma-informed advocates collaborate with nominees on a self-determined empowerment plan that spans 12 to 18 months and focuses on housing solutions, financing education, and establishing steady wage employment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Support and Revenue Recognition

Revenues and expenses are recognized on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

Accounting Policies

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. These assumptions include but are not limited to the depreciable lives of long-lived assets and allocation of functional expenses. Actual results could differ from those estimates.

Basis of Presentation

Empower Her Network's financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

EMPOWER HER NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Agency’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions can be perpetual in nature, where by the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Agency’s ongoing programs and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Contributions & Grants Receivable

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At December 31, 2021, all contributions and grants receivable are presented net of an allowance for uncollectible contributions of \$0 on the Statement of Financial Position.

Contributions & Grants Receivable due in 2022	\$25,000
Contributions & Grants Receivable due in 2023	<u>25,000</u>
Total	\$50,000

EMPOWER HER NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

Empower Her Network considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Contributed and Volunteer Services

Empower Her Network recognized Contributed Services revenue and expense for certain services received at the fair market value of such services as follows:

Accounting and Bookkeeping	187.5 hours X \$120 per hour = \$22,500
IT Support	120 hours X \$150 per hour = \$18,000
	<u>\$40,500</u>

Volunteer services have not been reflected in the accompanying financial statements because such services do not require specialized skills and therefore no objective basis is available to measure the value of such services. Many individuals volunteer their time and perform a variety of tasks.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and presented in detail in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an

**EMPOWER HER NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Executive Director’s Salary & Payroll Taxes	Time and Effort
Contributed Services-IT Support & Accounting	Time and Effort

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash. The Agency, at December 31, 2021, maintained \$1,974 in cash balances in excess of Federal Deposit Insurance Corporation limits. The Agency has not incurred any losses in the past and believes it is not exposed to any significant credit risk.

NOTE 4 – AVAILABILTY AND LIQUIDITY

The following represents Empower Her Network’s financial assets at December 31, 2021.

Financial assets at year end:	<u>2021</u>
Cash and cash equivalent	\$ 411,981
Investments	2,355
Contributions & Grants Receivable	<u>50,000</u>
	464,336
Less amounts not available to be used within one year	25,000
Financial assets available to meet general expenditures over the next twelve months	\$ <u>439,336</u>

NOTE 5 - INCOME TAXES

Empower Her Network (a Connecticut Corporation) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state statutes and generally is not subject to income taxes. The entity is not aware of any activities that would jeopardize its tax-exempt status. As of December 31, 2021, the Agency had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2018 through 2021 tax years remain subject to examination by the Internal Revenue Service.

**EMPOWER HER NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 - INVESTMENTS - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. generally accepted accounting principles establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Agency groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

The Agency's investments are reported at fair value in the accompanying statement of financial position at December 31, 2021 as follows:

	Fair Value	Level 1
Equities	\$ 2,355	\$ 2,355
Total	<u>\$ 2,355</u>	<u>\$ 2,355</u>

The class of assets shown are the class of assets reported by the investment advisor.

**EMPOWER HER NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 – INVENTORY

Empower Her Network values its inventory at the lower of cost or market value. Inventory values at December 31, 2021 consist of the following:

Bracelets	\$ 3,250
Tote Bags	<u>66</u>
Total	\$ <u>3,316</u>

NOTE 8 – DEFERRED REVENUE

Empower Her Network has \$150,000 in deferred revenue at December 31, 2021. This amount consists of a \$150,000 grant received in December, 2021 to be expended in the 2022 fiscal year.

NOTE 9 - SUBSEQUENT EVENTS

Date of Management Evaluation - Management has evaluated subsequent events through May 19, 2022, the date on which the financial statements were available to be issued.

Management has identified the following significant subsequent events requiring disclosure:

The future effects and additional impact of the COVID-19 pandemic is unknown at this time.