Step Up Women’s Network

Year Ended December 31, 2010

Independent Auditor’s Report
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INDEPENDENT AUDITOR’S REPORT

Board of Directors
Step Up Women’s Network
510 Hewitt, #111
Los Angeles, CA 90013

I have audited the accompanying statement of financial position of Step Up Women’s Network as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Step Up Women’s Network management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Step Up Women’s Network as of December 31, 2010, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles accepted in the United States.

The accompanying additional information (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in my audit of the basic financial statements, and I am not aware of any material modification that should be made to the information

Elizabeth Tractenberg
March 31, 2011
Step Up Women's Network
Statement of Financial Position
December 31, 2010

Assets

Current assets
Cash and cash equivalent $ 908,872
Certificate of deposit 525,000
Miscellaneous receivables 15,285
Inventory – in-kind donations 59,248
Prepaid expenses and other assets 2,973
Total Current Assets 1,511,378

Noncurrent assets
Building and improvements at cost (Notes 1 & 5) 835,000
Equipment, furniture and fixtures 50,164
Less accumulated depreciation and amortization (63,380)
Net Property and Equipment 821,784
Deposits 21,172
Total Assets $ 2,354,334

Liabilities and Net Assets

Current liabilities
Current portion of long term debt $ 46,318
Accounts payable 4,473
Accrued vacation 16,176
Deferred income 0
Total Current Liabilities 66,967

Note payable 420,359
Total Liabilities 487,326

Net assets
Temporarily restricted 8,593
Unrestricted 1,858,415
Total Net Assets 1,867,008
Total Liabilities and Net Assets $ 2,354,334

See accompanying notes to financial statements
## Step Up Women's Network
### Statement of Activities
#### For the Year Ended December 31, 2010

<table>
<thead>
<tr>
<th>Changes in Net Assets</th>
<th>Temporarily</th>
<th></th>
<th>Restricted</th>
<th>Unrestricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>$ 0</td>
<td>$ 485,037</td>
<td>$ 485,037</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>0</td>
<td>67,894</td>
<td>67,894</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership</td>
<td>0</td>
<td>416,755</td>
<td>416,755</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship funds</td>
<td>0</td>
<td>5,046</td>
<td>5,046</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special events</td>
<td>0</td>
<td>249,047</td>
<td>249,047</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-kind donations</td>
<td>0</td>
<td>165,663</td>
<td>165,663</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>0</td>
<td>11,368</td>
<td>11,368</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 0</td>
<td>$ 1,400,810</td>
<td>$1,400,810</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Expenses**          |             |                 |              |              |       |
| Programs              | 1,900       | 1,101,148       | 1,103,048    |              |       |
| Special events        | 0           | 100,688         | 100,688      |              |       |
| Management and administration | 0         | 198,697         | 198,697      |              |       |
| Fundraising           | 0           | 90,536          | 90,536       |              |       |
| **Total Expenses**    | 1,900       | 1,491,069       | 1,492,969    |             |       |

| Increase (decrease)   | (1,900)     | (90,259)        | (92,159)     |             |       |
| Net Assets at Beginning of Year | 10,493 | 1,948,674 | 1,959,167 |
| Net Assets at End of Year | $ 8,593 | $ 1,858,415 | $1,867,008 |

See accompanying notes to financial statements

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Step Up Women's Network
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flow from Operating activities:
   Net income (loss)  $ (92,159)
   Depreciation and amortization  27,062

Changes in operating assets and liabilities
   Accounts receivable  (1,692)
   Prepaid expenses  609
   Inventory  26,310
   Accounts payable  1,417
   Accrued vacation  1,322
   Deferred income

   Net Cash (Used) Operating Activities  (37,131)

Investing Activities
   -

   Net Cash Provided (Used) by Investing Activities  -

Financing Activities:

   Repayment of loan  (45,844)

   Net Cash from Financing Activities  (45,844)

Increase (decrease) in cash  (82,975)

Cash and cash equivalents at beginning of year  991,847

Cash and cash equivalents at end of year  $ 908,872

Supplementary Information:
   Interest paid - see Note 5  $ 21,162

See accompanying notes to financial statements 4
Step Up Women’s Network  
Notes to Financial Statements  
December 31, 2010

Note 1 – Nature of Organization and Significant Accounting Policies

General

Step Up Women’s Network (the Organization) is a tax exempt nonprofit public benefit corporation dedicated to connecting and advancing women and girls.

Summary of Significant Accounting Policies

The presentation 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization also includes money market fund accounts as cash equivalents.

The financial statements of the Organization have been prepared on the accrual basis. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

- **Unrestricted** - Net assets that are not subject to donor-imposed stipulations.

- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time.

- **Permanently restricted net assets** – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by the donors.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.
Note 1 – Nature of Organization and Significant Accounting Policies (continued)

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Property and equipment are carried at cost. The Organization depreciates and amortizes property and equipment on a straight-line method over their estimated useful lives.

The Organization receives its funding from corporate donations, membership, corporate grants and private individuals. All funds received are recognized as revenues in the period in which the funds are received or in certain cases, when billed. Contributions toward special events are deferred to the year of the event.

A substantial number of volunteers have donated time to the Organization’s program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements. In-kind donations for goods received are included as income at the time of disposition of the goods. The value is based on FASB Statement 157, the price that would be received to sell the asset.

Step Up Women’s Network is a nonprofit entity exempt from payment of income taxes under Internal Revenue Code Section 501c (3) and California Revenue and Taxation Code Section 23701 (f). Accordingly no provision has been made for income taxes.

Note 2 -- Cash and Cash Equivalents

The Organization’s cash and cash equivalents consist of cash held in checking and sweep accounts and $525,000 in one Certificate of Deposit. The sweep portion of the account is in the CNI Charter Government Fund. The Government Money Fund purchases liquid, high quality, short term U.S. Government bonds and notes. The Fund invests at least 80% of its assets in U.S. Government securities such as U.S. Treasury obligations, obligations issued or guaranteed as to principal and interest by agencies or instrumentalities of the U.S. Government and repurchase agreements involving these obligations. The federal government under the Federal Insurance Deposit Act (FDIC) only insures deposits of cash up to $250,000. The money market funds are not insured under FDIC. At year-end and throughout the year, the Organization’s cash balance was deposited in one bank account.

The total cash and cash equivalents at December 31, 2010 was over $1.433 million.

The $525,000 Certificate of Deposit is pledged as collateral for the $525,000 Note Payable. (See Note 6)
Note 3 – Concentration of Credit Risk

Corporate donations of $492,500 represent 40% of revenue and over 50 corporate donors.

Note 4 - Commitments and Contingencies

Commitments

The Organization leases facilities in New York under a long-term agreement expiring September 15, 2018. The annual rental commitments for years ending December 31 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$64,211</td>
</tr>
<tr>
<td>2012</td>
<td>66,137</td>
</tr>
<tr>
<td>2013</td>
<td>68,121</td>
</tr>
<tr>
<td>2014</td>
<td>70,165</td>
</tr>
<tr>
<td>After</td>
<td>278,832</td>
</tr>
<tr>
<td>Total</td>
<td>$547,466</td>
</tr>
</tbody>
</table>

Note 5 – Building and Improvement

On October 23, 2007, the Board of Directors verbally approved the purchase of Office Space in downtown Los Angeles, California. On December 4, 2007, the Board voted and approved the purchase of this Office Space. The Organization did not have any credit standing, therefore the Executive Director, with Board approval, purchased the property for $835,000 and signed the mortgage loan of $668,000.

Subsequently, on November 21, 2009, the property was deeded over to the Organization. The purchase was funded by a loan of $525,000 from City National Bank collateralized by a $525,000 Certificate of Deposit. (See Note 6)

Although the value of the building may fluctuate with the real estate market, management believes that the current value of the Office Space is fairly stated on the books at $835,000 less $28,200 accumulated depreciation.
Note 6 – Note Payable

On July 14, 2009, the Organization obtained a 10 year, 4.3% fixed rate $525,000 loan from City National Bank in order to finance the purchase of the building as described in Note 5 above. The loan matures on July 3, 2019. Monthly payments are $5,455.53. There is no prepayment penalty. The loan is collateralized by a $525,000 Certificate of Deposit. The loan balance at December 31, 2010 is $512,521. Loan obligations are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$46,318</td>
</tr>
<tr>
<td>2012</td>
<td>48,349</td>
</tr>
<tr>
<td>2013</td>
<td>50,470</td>
</tr>
<tr>
<td>2014</td>
<td>52,683</td>
</tr>
<tr>
<td>After</td>
<td>268,857</td>
</tr>
<tr>
<td>Total</td>
<td>$466,677</td>
</tr>
</tbody>
</table>

Current portion $46,318
Long term portion $420,359
Total $466,677

Note 7 – In-Kind Donations

During the year, the Organization received approximately $167,000 in donations of goods and services. Donations not yet disbursed are included in the financial statements as inventory. The donations used during the year ending December 31, 2010 are reported as special event expenses, supplies and gifts for the annual Gala Event and supplies for Teen Program. Office fixture donations are recorded as fixed assets.
Supplemental Schedules

For the Year Ended December 31, 2010
### Natural Classification of Expenses

**For the Year Ended December 31, 2010**

*(SCHEDULE 1)*

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
<th>Programs</th>
<th>Special Events</th>
<th>Administrative</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and related</td>
<td>$679,961</td>
<td>$563,042</td>
<td>$0</td>
<td>$28,110</td>
<td>$88,809</td>
</tr>
<tr>
<td>Business services</td>
<td>116,628</td>
<td>10,229</td>
<td>18,369</td>
<td>87,939</td>
<td>91</td>
</tr>
<tr>
<td>Catering</td>
<td>61,071</td>
<td>29,976</td>
<td>31,095</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract labor</td>
<td>72,940</td>
<td>69,817</td>
<td>587</td>
<td>2,363</td>
<td>173</td>
</tr>
<tr>
<td>Credit card fee</td>
<td>18,744</td>
<td>14,058</td>
<td></td>
<td>4,686</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>27,062</td>
<td>21,650</td>
<td></td>
<td>5,412</td>
<td></td>
</tr>
<tr>
<td>In-kind donations</td>
<td>193,558</td>
<td>159,260</td>
<td>34,298</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance - General</td>
<td>16,026</td>
<td>10,299</td>
<td></td>
<td>5,727</td>
<td></td>
</tr>
<tr>
<td>Insurance - Health</td>
<td>52,328</td>
<td>39,246</td>
<td></td>
<td>13,082</td>
<td></td>
</tr>
<tr>
<td>Meeting expenses</td>
<td>3,971</td>
<td>2,662</td>
<td>7</td>
<td>386</td>
<td>916</td>
</tr>
<tr>
<td>Occupancy</td>
<td>112,048</td>
<td>84,023</td>
<td></td>
<td>28,025</td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td>3,816</td>
<td>2,557</td>
<td>738</td>
<td>324</td>
<td>197</td>
</tr>
<tr>
<td>Postage</td>
<td>8,743</td>
<td>2,058</td>
<td>1,555</td>
<td>4,990</td>
<td>140</td>
</tr>
<tr>
<td>Printing</td>
<td>14,583</td>
<td>3,659</td>
<td>10,156</td>
<td>768</td>
<td></td>
</tr>
<tr>
<td>Program costs</td>
<td>3,872</td>
<td>3,722</td>
<td></td>
<td></td>
<td>150</td>
</tr>
<tr>
<td>Scholarships</td>
<td>14,867</td>
<td>15,802</td>
<td></td>
<td>156</td>
<td>(1,091)</td>
</tr>
<tr>
<td>Scholarships</td>
<td>2,600</td>
<td>2,600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>47,564</td>
<td>36,339</td>
<td>3,139</td>
<td>7,907</td>
<td>179</td>
</tr>
<tr>
<td>Telephone /Internet</td>
<td>27,274</td>
<td>21,199</td>
<td>6,075</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>8,950</td>
<td>8,025</td>
<td>229</td>
<td>696</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>12,214</td>
<td>2,190</td>
<td>744</td>
<td>9,280</td>
<td></td>
</tr>
<tr>
<td>All other</td>
<td>(5,851)</td>
<td>635</td>
<td></td>
<td>(6,762)</td>
<td>276</td>
</tr>
<tr>
<td>Total</td>
<td>$1,492,969</td>
<td>$1,103,048</td>
<td>$100,688</td>
<td>$198,697</td>
<td>$90,536</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
# Step Up Women's Network
## Special Events
### December 31, 2010

### Revenue
- Cash $249,047
- In-kind donations $7,988
- Total revenue $257,035

### Noncash prizes $34,298

### Expenses
- Business services $18,369
- Catering $31,095
- Printing $10,156
- All other expenses $6,770
- Subtotal expenses $66,390
- Total expenses $100,688

### Net income $156,347

See accompanying notes to financial statements