

**EMPOWER - THE EMERGING MARKETS FOUNDATION**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**JUNE 30, 2010 AND 2009**

# EMPOWER - THE EMERGING MARKETS FOUNDATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
EMpower - The Emerging Markets Foundation

We have audited the accompanying statements of financial position of EMpower - The Emerging Markets Foundation (a not-for-profit corporation) as of June 30, 2010 and 2009, and the related statements of activities 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 on our audits.

We conducted our audits 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 audits provide 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 EMpower - The Emerging Markets Foundation as of June 30, 2010 and 2009, 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.

*Lutz + Carr, LLP*

New York, New York  
January 31, 2011

## EMPOWER - THE EMERGING MARKETS FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 3)	\$ 922,074	\$ 835,746
Accounts receivable (Note 1a)	-	229,166
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	151,780	134,202
Restricted to future programs and periods	-	405,000
Prepaid expenses and other current assets	10,397	17,239
Property and equipment, at cost, net of accumulated depreciation and amortization (Notes 1d and 5)	21,948	31,387
Security deposit	6,413	6,375
	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$1,112,612</u></b>	<b><u>\$1,659,115</u></b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 53,553	\$ 44,624
Grants payable (Note 1e)	364,000	183,750
Total Liabilities	<u>417,553</u>	<u>228,374</u>
Commitments (Notes 7 and 8)		
Net Assets		
Unrestricted	161,220	297,879
Temporarily restricted (Note 2)	<u>533,839</u>	<u>1,132,862</u>
Total Net Assets	<u>695,059</u>	<u>1,430,741</u>
	<u>          </u>	<u>          </u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$1,112,612</u></b>	<b><u>\$1,659,115</u></b>

See notes to financial statements.

## EMPOWER - THE EMERGING MARKETS FOUNDATION

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Changes in Unrestricted Net Assets</b>		
Support and Revenue		
Contributions	\$ 672,741	\$ 940,151
Event income	215,480	47,117
Less: Direct event expenses	(62,425)	(13,734)
Donated services (Note 6)	47,966	36,500
Grant administrative fee (Note 1a)	222,021	315,000
Refundable grant awards	-	35,750
Interest	1,138	1,319
	<u>1,096,921</u>	<u>1,362,103</u>
Net assets released from restrictions	<u>599,023</u>	<u>562,562</u>
	<u>1,695,944</u>	<u>1,924,665</u>
Expenses		
Program Services	1,586,787	1,256,753
Supporting Services		
Management and general	165,713	147,409
Fundraising	80,103	158,481
	<u>1,832,603</u>	<u>1,562,643</u>
	<u>1,832,603</u>	<u>1,562,643</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(136,659)</u>	<u>362,022</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	-	37,653
Net assets released from restrictions	<u>(599,023)</u>	<u>(562,562)</u>
	<u>(599,023)</u>	<u>(524,909)</u>
Decrease in Temporarily Restricted Net Assets	<u>(599,023)</u>	<u>(524,909)</u>
Decrease in net assets	(735,682)	(162,887)
Net assets, beginning of year	<u>1,430,741</u>	<u>1,593,628</u>
	<u>1,430,741</u>	<u>1,593,628</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 695,059</u></u>	<u><u>\$1,430,741</u></u>

See notes to financial statements.

## EMPOWER - THE EMERGING MARKETS FOUNDATION

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (735,682)	\$ (162,887)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Bad debt expense	27,000	-
Depreciation	9,439	9,274
(Increase) decrease in:		
Accounts receivable	229,166	(8,346)
Unconditional promises to give	360,422	414,145
Prepaid expenses and other current assets	6,842	(1,298)
Security deposit	(38)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	8,929	(37,466)
Grants payable	180,250	(259,900)
Net Cash Provided (Used) By Operating Activities	<u>86,328</u>	<u>(46,478)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, equipment and website	<u>-</u>	<u>(4,960)</u>
Net increase (decrease) in cash and cash equivalents	86,328	(51,438)
Cash and cash equivalents, beginning of year	<u>835,746</u>	<u>887,184</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 922,074</u></u>	<u><u>\$ 835,746</u></u>

See notes to financial statements.

**EMPOWER - THE EMERGING MARKETS FOUNDATION****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

EMpower - The Emerging Markets Foundation (the "Organization") ties the resources of emerging markets professionals world-wide with the vitality of community-based social sector initiatives in developing countries.

EMpower-UK, a nonprofit chapter, was formed under the laws of the United Kingdom to promote the mission of the Organization throughout the United Kingdom. During 2010 and 2009, 100% of the grant administrative fee was earned from Empower-UK, and all of the accounts receivable was due from Empower-UK as of June 30, 2009.

The Organization's mission is to provide disadvantaged young people in emerging market countries with the resources, skills, mentorship and opportunities to improve their lives and in turn help better their families, communities and the world around them.

**b - Cash and Cash Equivalents**

The Organization considers all short-term highly-liquid investments, such as money market funds, to be cash equivalents.

**c - Contributions and Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**d - Property and Equipment**

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the useful life of the assets.

**e - Grants Payable**

Grants are accrued at the time authorized.

**f - Tax Status**

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**EMPOWER - THE EMERGING MARKETS FOUNDATION****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Financial Statement Presentation**

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.

**h - Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**i - Subsequent Events**

The Organization has evaluated subsequent events through January 31, 2011, the date that the financial statements are considered available to be issued.

**Note 2 - Restrictions on Net Assets**

Temporarily restricted net assets are restricted for future programs and periods.

**Note 3 - Concentration of Credit Risk**

The Organization maintains its cash account at one financial institution located in New York City. The cash balances, at times, may exceed federally insured limits.

**Note 4 - Unconditional Promises to Give**

Unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant. As of June 30, 2009, 75% were due from one foundation.

**EMPOWER - THE EMERGING MARKETS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010 AND 2009**

**Note 5 - Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>2010</u>	<u>2009</u>
Computers and equipment	5 years	\$16,552	\$16,552
Furniture	7 years	14,906	14,906
Website	5 years	<u>12,000</u>	<u>12,000</u>
		43,458	43,458
Less: Accumulated depreciation and amortization		<u>(21,510)</u>	<u>(12,071)</u>
Total		<u>\$21,948</u>	<u>\$31,387</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$9,439 and \$9,274, respectively.

**Note 6 - Donated Services**

Donated services consist of professional fees related to program services for the years ended June 30, 2010 and 2009.

**Note 7 - Office Lease**

The Organization occupies space under a lease through August 31, 2012. The lease provides for minimum annual rentals as follows:

<u>Year Ending June 30,</u>	
2011	\$25,500
2012	25,500
Thereafter, through August 31, 2012	4,250

Rent expense was \$25,500 for each of the years ended June 30, 2010 and 2009.

**EMPOWER - THE EMERGING MARKETS FOUNDATION****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 8 - Retirement Plan**

The Organization maintains a 403(b) retirement plan for all eligible employees. The Organization contributes 4% after one year of employment of an eligible employee's compensation. The Organization, at its discretion, may elect to contribute in excess of the established percentages, which was discontinued for year ended June 30, 2010. Total contributions to the plan for the years ended June 30, 2010 and 2009 was \$18,310 and \$31,228, respectively.

**Note 9 - Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

**ADDITIONAL INFORMATION**



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**INDEPENDENT AUDITORS' REPORT ON  
ADDITIONAL INFORMATION**

To the Board of Directors of  
EMpower - The Emerging Markets Foundation

Our report on our audits of the basic financial statements of EMpower - The Emerging Markets Foundation for 2010 and 2009 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the years ended June 30, 2010 and 2009 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lutz + Carr, LLP*

New York, New York  
January 31, 2011

## EMPOWER - THE EMERGING MARKETS FOUNDATION

## SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2010 AND 2009

	2010				2009			
	Program Services	Supporting Services Management and General	Fundraising	Total	Program Services	Supporting Services Management and General	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 510,605	\$ 52,238	\$ 53,875	\$ 616,718	\$ 480,249	\$ 58,004	\$ 126,842	\$ 665,095
Grant expense	880,500	-	-	880,500	452,675	-	-	452,675
Professional fees	106,354	46,387	8,217	160,958	167,881	60,271	17,249	245,401
Travel, meeting and conference	33,012	7,834	849	41,695	90,588	5,443	2,067	98,098
Special event	-	-	10,280	10,280	-	-	760	760
Office supplies and expenses	8,121	8,130	1,260	17,511	17,180	2,723	3,992	23,895
Occupancy	22,968	2,510	2,661	28,139	18,238	2,267	4,995	25,500
Insurance	-	3,525	-	3,525	-	4,508	-	4,508
Bank and credit card fees	165	5,274	1,954	7,393	729	7,630	359	8,718
Bad debt expense	-	27,000	-	27,000	-	-	-	-
Miscellaneous	17,322	12,013	110	29,445	22,580	5,739	400	28,719
Depreciation	7,740	802	897	9,439	6,633	824	1,817	9,274
Total Expenses	<u>\$1,586,787</u>	<u>\$ 165,713</u>	<u>\$ 80,103</u>	<u>\$1,832,603</u>	<u>\$1,256,753</u>	<u>\$ 147,409</u>	<u>\$ 158,481</u>	<u>\$1,562,643</u>

See independent auditors' report on additional information.