



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**WOMEN'S ECONOMIC
SELF-SUFFICIENCY TEAM, CORP
AND CONTROLLED AFFILIATE**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

**WOMEN'S ECONOMIC
SELF-SUFFICIENCY TEAM, CORP
AND CONTROLLED AFFILIATE**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

For the Year Ended December 31, 2010

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**OFFICIAL ROSTER
WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM CORP
AND CONTROLLED AFFILIATE
AS OF DECEMBER 31, 2010**

Marjorie Rogers	Chair
Beverly Reece Bendicksen	Vice-Chair
Mary L. Escobar	Secretary
Angela Anderson	Treasurer
Sally Adams	Member
Jackie Baca	Member
Dave Baland	Member
Michael Bickel	Member
Julienne V. Brown	Member
David P. Buchholtz	Member
Don Chalmers	Member
Sul Kassicieh	Member
Deborah Peacock	Member
Ab Potter	Member
Carol Radosevich	Member
Sharen Ramirez	Member
David Vadera	Member
Agnes Noonan (Ex-Officio)	President



Independent Auditors' Report

Board of Directors of
Women's Economic Self-Sufficiency Team, Corp
and Controlled Affiliate
Albuquerque, New Mexico

We have audited the accompanying consolidated statement of financial position of Women's Economic Self-Sufficiency Team, Corp and its controlled affiliate, WESST Real Estate Holdings, LLC (collectively referred to as "WESST"), as of December 31, 2010 and the related consolidated statement of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of WESST's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from WESST's December 31, 2009 financial statements and, in our report dated May 21, 2010 we expressed an unqualified opinion of these financial statements.

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 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 our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of WESST as of December 31, 2010 and the consolidated changes in its net assets and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2011 on our consideration of WESST's internal control over financial reporting and 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 result of that testing and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors

Women's Economic Self-Sufficiency Team, Corp and Affiliate

Our audit was made for the purpose of forming an opinion on the basic financial statements of WESST taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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. The additional schedule listed as Schedule of Detail of Temporarily Restricted Activities in the table of contents is presented for purposes of additional analysis and is not a required part of the 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.



Hinkle & Landers, P.C.

June 8, 2011

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP AND CONTROLLED AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Note	2010	2009
ASSETS			
(Restated)			
Current Assets			
Cash and cash equivalents	\$	348,719	455,021
Restricted cash and cash equivalents		1,555,591	1,217,444
Cash restricted for loans	E	773,412	585,409
Cash held for others	F	52,073	60,549
Contracts and grants receivable	G	290,170	282,599
Prepaid expenses		3,702	34,252
Accounts and other receivables	G	30,514	13,278
Contributions receivable, net of allowance	G	90,135	126,121
Total current assets		3,144,316	2,774,673
Non-current Assets			
Notes receivable, net of allowance	H	1,039,294	939,428
Property and equipment, net of accumulated depreciation	J,P	6,380,807	5,550,051
Permanently restricted cash and cash equivalents		1,345	323,548
Deposits		1,031	517
Total non-current assets		7,422,477	6,813,544
Total assets	\$	10,566,793	9,588,217
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$	28,073	22,648
Compensated absences payable	K	54,960	44,197
Payroll related liabilities		7,247	32,020
Funds held for others	F	52,073	60,549
Current portion of line of credit	M	16,800	175,800
Current portion of long-term debt	O	166,658	134,443
Total current liabilities		325,811	469,657
Non-current Liabilities			
Deposits		10,242	8,092
Secured debt	N	89,421	121,282
Line of credit	M	143,600	-
Capital lease - WESST Enterprise Center	P	1,075,590	5,278,988
Notes payable	O	1,021,734	955,071
Total non-current liabilities		2,340,587	6,363,433
Total liabilities		2,666,398	6,833,090
Net Assets			
Unrestricted			
Investment in property & equipment, net of related debt and accumulated depreciation / amortization		5,305,217	271,063
Undesignated		954,951	625,784
Temporarily restricted	C	1,638,882	1,856,935
Permanently restricted	D	1,345	1,345
Total net assets		7,900,395	2,755,127
Total liabilities and net assets	\$	10,566,793	9,588,217

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP AND CONTROLLED AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010, WITH COMPARATIVE TOTALS FOR 2009

	Notes	2010			2009
		Unrestricted	Temporarily Restricted	Permanently Restricted	(Restated) Total
Support and revenue					
Contributions and support	\$	-	272,558	-	264,039
Federal grants		-	1,968,875	-	2,048,699
State and other grants		-	5,000	-	99,059
Consulting, training and other fees		39,181	-	-	68,529
WEC membership		181,194	-	-	82,921
Interest and loan fees		-	77,094	-	76,036
In-kind contributions - materials	I	71,409	-	-	102,664
In-kind contributions - services	I	196,033	-	-	104,698
In-kind contributions - interest	I	196,019	-	-	198,215
Miscellaneous		208	-	-	31
Restriction satisfied by payment		2,541,580	(2,541,580)	-	-
Total support and revenue		3,225,624	(218,053)	-	3,044,891
Expenses					
Program Services					
Business consulting and training		1,674,366	-	-	1,483,563
Financial assistance		894,614	-	-	740,157
Total program expenses		2,568,980	-	-	2,223,720
Support Services					
Management and general		210,814	-	-	192,883
Fund-raising		181,859	-	-	165,304
Total support services expenses		392,673	-	-	358,188
Total expenses		2,961,653	-	-	2,581,909
Change in net assets before unusual item		263,971	(218,053)	-	462,982
Unusual item - LEDA Agreement WEC Equity Contribution	P	5,099,350	-	-	-
Change in net assets		5,363,321	(218,053)	-	462,982
Net assets, beginning of year		896,847	1,856,935	1,345	2,272,296
Restatements	V	-	-	-	19,849
Net assets, beginning of year, restated		896,847	1,856,935	1,345	2,292,145
Net assets, end of year	\$	6,260,168	1,638,882	1,345	2,755,127

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WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP AND CONTROLLED AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010, WITH COMPARATIVE TOTALS FOR 2009

	2010				Total	2009
	Program Services		Support Services			Total
	Business Consulting And Training	Financial Assistance	Management and General	Fundraising		
Salaries	683,568	317,371	97,653	122,066	1,220,657	1,038,132
Employee benefits	58,996	27,391	8,428	10,535	105,350	93,579
Taxes	56,950	25,887	7,248	13,461	103,546	87,449
Consultants and contracts	314,434	118,483	22,785	-	455,702	405,841
Occupancy	61,647	20,035	21,063	-	102,745	90,274
Insurance	17,914	5,971	5,971	-	29,856	20,328
Equipment lease and R&M	29,860	3,733	3,733	-	37,325	1,062
Incubator in-kind interest	184,765	-	-	-	184,765	184,765
Interest	-	35,858	-	-	35,858	45,935
Accounting and legal fees	5,693	3,796	9,489	-	18,978	31,423
Printing and postage	7,684	2,561	1,281	1,281	12,806	6,682
Telephone	28,982	6,231	4,140	2,467	41,821	22,342
Training	13,502	6,354	-	-	19,856	11,868
Supplies and office expenses	65,858	21,953	10,976	10,976	109,763	179,683
Travel	26,662	7,406	-	2,962	37,030	29,529
Dues and fees	17,527	7,511	-	-	25,038	10,049
Marketing and public relations	14,545	4,848	2,424	2,424	24,241	11,514
IDA Match funds	-	226,190	-	-	226,190	157,986
Paid to subrecipients	9,862	-	-	-	9,862	8,655
Provision for uncollectible amounts	-	34,236	-	-	34,236	13,282
Meeting expense	-	-	-	-	-	4,390
Fundraising expenses	-	-	-	-	-	1,460
Miscellaneous	1,556	209	132	195	2,092	9,763
Total expenses before depreciation	<u>1,600,004</u>	<u>876,023</u>	<u>195,322</u>	<u>166,367</u>	<u>2,837,717</u>	<u>2,465,991</u>
Depreciation	74,362	18,590	15,492	15,492	123,936	115,917
Total expenses	<u>\$ 1,674,366</u>	<u>894,614</u>	<u>210,814</u>	<u>181,859</u>	<u>2,961,653</u>	<u>2,581,909</u>

SEE INDEPENDENT AUDITORS' REPORT

The accompanying notes are an integral part of these financial statements

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP AND CONTROLLED AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010, WITH COMPARATIVE TOTALS FOR 2009

Cash Flows From Operating Activities	2010	2009
Cash received from contributions and support and other receivables	\$ 291,308	250,537
Cash received from government grants	1,966,304	2,310,561
Cash received from consulting, training and other fees	220,375	151,450
Interest and loan fees received	77,094	76,036
Miscellaneous	208	31
Total cash received	2,555,289	2,788,615
Cash paid to suppliers and employees	(2,314,573)	(2,024,709)
Interest paid	(25,425)	(32,485)
Net cash provided by operating activities	215,291	731,421
 Cash Flows From Investing Activities		
Purchase of leasehold improvements and equipment	(36,797)	(297,057)
Notes receivable funded	(832,309)	(473,788)
Notes receivable repaid	710,849	468,763
Net cash used by investing activities	(158,257)	(302,082)
 Cash Flows From Financing Activities		
Receipt of funds held for others	1,766	23,464
Principal payments transferred to SBIC	(31,861)	(35,572)
Proceeds from new borrowings	250,000	336,460
Payments on line-of-credit	(16,800)	(16,800)
Principal payments on notes payable	(170,970)	(191,860)
Net cash provided by financing activities	32,135	115,692
 Net increase (decrease) in cash and cash equivalents	89,169	545,031
Cash and cash equivalents, beginning of year	2,641,971	2,096,940
Cash and cash equivalents, end of year	\$ 2,731,140	2,641,971
 Reconciliation of change in net assets to cash provided by operating activities		
Change in net assets	\$ 5,145,268	462,982
Depreciation	123,936	115,917
Provision for loan loss	34,236	11,686
Provision for uncollectible pledges	-	1,596
In-kind contributions capitalized	(21,943)	-
WEC equity contribution	(5,099,350)	-
Decrease (increase) in contracts receivable	(7,571)	162,803
Decrease (increase) in accounts receivable	(17,236)	865
Decrease (increase) in contributions receivable	35,986	(14,367)
Decrease (increase) in prepaid expenses	30,550	(20,630)
Increase (decrease) in accounts and interest payable	5,425	3,864
Increase (decrease) in compensated absences and payroll liabilities	(14,010)	6,705
Increase (decrease) in due to sub-recipients	-	-
Net cash provided by operating activities	\$ 215,291	731,421
 SIGNIFICANT NON-CASH TRANSACTIONS:		
In-kind contributions of services and materials	\$ 463,461	323,289
Capital Lease - WESST Enterprise Center (Note P)	-	5,449,358
Capital Lease - Equity contribution (Note P)	5,099,350	-

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**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
AND CONTROLLED AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009**

NOTE A—NATURE OF ACTIVITIES

The Women's Economic Self-Sufficiency Team, Corp dba WESST, is a not-for-profit corporation organized to assist individuals to start and grow businesses in New Mexico. WESST is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code.

WESST Real Estate Holdings was formed in 2009 under the New Mexico Limited Liability Company Act to engage in real estate investment and management activities. WESST Real Estate Holdings, LLC is intended to be a disregarded entity for federal income tax purposes. The composition of the Board of Directors for each entity is identical, and WESST is the sole member of WESST Real Estate Holdings, LLC. WESST Real Estate Holdings, LLC, may not engage in any activity that would adversely affect WESST's status as a tax-exempt organization under Section 501(c) of the Code.

WESST's core programs are as follows:

Business Consulting and Training—through individual and small group consultations, clients are coached in areas such as sales and marketing, production, management and finance; group workshops are also presented on basic business topics.

Financial Assistance—a revolving loan fund for small businesses which are unable to obtain financing from banks or other traditional sources, and assistance in accessing other financial resources.

WESST Enterprise Center (WEC)—The WEC is a 37,000 square-foot mixed-use business incubation facility accommodating up to 20 light manufacturing, service, professional and technology businesses.

WESST also provides additional programs as follows:

Individual Development Account Program (IDA) is a financial literacy training and savings program targeted to income eligible individuals who are enrolled in an educational program or working towards the purchase of a home or business assets or expenses.

MARKETLINK is an intensive training course targeted to existing businesses who are seeking to expand markets and grow revenues. The program utilizes WESST's copyrighted *Perfect Pitch* curriculum.

ezSEO is a specialized consulting program which helps businesses maximize their web presence via Search Engine Optimization techniques.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

WESST prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections (formerly Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* ["ASC 958-205"]). Under ASC 958-205, WESST is required to report

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WITH COMPARATIVE TOTALS FOR 2009**

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.

Unrestricted and Board—Designated Net Assets

Undesignated, unrestricted net assets are used to account for all resources over which the Board of Directors has discretionary control. Unrestricted net assets represent the investment in unrestricted assets and the investment in property and equipment, less accumulated depreciation, amortization and related debt.

Temporarily Restricted Net Assets

Temporarily restricted net assets result from contributions and other inflows of assets whose use by WESST is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of WESST pursuant to those stipulations.

Permanently Restricted Net Assets

Permanently restricted net assets result from contributions and other inflows of assets whose use by WESST is limited by donor-imposed stipulations that cannot be removed by actions of WESST.

Cash and Cash Equivalents

Cash and cash equivalents consist of money market accounts and cash account balances with maturities of less than 90 days.

Contributions Receivable

Pledges receivable for contributions are recognized upon notification of a donor's unconditional promise to give. An allowance for uncollectible promises to give is recorded based on an analysis of collection histories and management's prior experience with donors. 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 donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statement of activities as assets released from restrictions.

Notes Receivable

Notes receivable are recorded when loan funds are disbursed. The notes are carried at unpaid principal balances, adjusted by an allowance for loan losses. Interest income on notes receivable is recorded monthly. Interest receivable is not recorded in the financial statements because it is insignificant. Closing fees on loans are minimal and are expensed as incurred. Notes are determined to be in default if a payment is sixty (60) days past due. Notes in default may be renegotiated and/or restructured if deemed necessary by management as an alternative to foreclosure, and if the borrower agrees to pay in full within a designated period of time. Notes are written off as uncollectible only after collateral has been satisfied and all legal action for recovery is exhausted. Notes are collateralized by any combination of the following: deposit accounts, real estate, inventory, accounts receivable, furniture, equipment, vehicles, and assignment of contracts and life insurance policies. WESST's access to collateral

**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
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is determined by legal collection proceedings.

Allowance for Loan Losses

WESST provides a valuation allowance for estimated losses on loans when a significant and permanent decline in value occurs or is anticipated. The ability to collect loans receivable is evaluated monthly and the loan loss reserve is adjusted accordingly. The allowance for loan losses is influenced by individually identified impaired loans, the period of payment delinquency, and borrower responsiveness.

Contracts and Grants Receivable

Contracts and Grants receivable are primarily for cost-reimbursement governmental grants. An allowance for doubtful accounts is based on an analysis of expected collections as determined from past history and management experience. No allowance was considered necessary as of December 31, 2010 and 2009.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. WESST capitalizes all expenditures for property and equipment with a cost of \$5,000 or more. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Classification</u>	<u>Depreciable Lives (in years)</u>
Furniture, Fixtures and Equipment	3 - 7
Leasehold Improvements	7 - 20
WEC - Capital Lease	40
Land Improvements	10

Donated Assets, Materials and Services

WESST pays for most assets and services requiring specific expertise. Donated services that require specific expertise are recorded at estimated fair value, in accordance with FASB ASC 958-605 and subsections (formerly Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* ["ASC 958-605"]). In addition, a substantial number of volunteers have donated significant amounts of time in WESST's programs which were not recognized in the financial statements because they did not meet the criteria for recognition under ASC 958-605.

**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Income Taxes

WESST operates as a nonprofit corporation and has received exempt status under Section 501(c)(3) of the Internal Revenue Code, and has been designated as an organization other than a private foundation. Contributions to the organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

Advertising Costs

Marketing and public relations are expensed as incurred.

Use of Estimates

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

Functional Classification of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses are charged directly to program and supporting services based on specific identification. Costs benefiting more than one service are allocated based on measures such as management's estimates of time spent, square footage, etc.

Reclassification

Certain expenses have been reclassified for presentation in the 2010 financial statements which may not conform to 2009 presentation.

Prior Year Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with WESST's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Recent Accounting Pronouncements

In June 2009, The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles: a replacement of FASB Statement No. 162*. On July 1, 2009, *The Hierarchy of Generally Accepted Accounting Principles* was rendered irrelevant, and the FASB ASC became the source of authoritative U. S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. On the effective date of this statement, the ASC will supersede all then-existing non-SEC accounting and reporting standards, effective for financial statements issued for interim and annual periods ending after September 15, 2009.

**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
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WESST adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ["ASC 740-10-25"]) on January 1, 2009. Under ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on WESST's financial statements. Management of WESST does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of ASC 740-10-25, and for the year ended December 31, 2010, there were no interest or penalties recorded or included in its financial statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements— now referred to as ASC 820-10 and subsections ("ASC 820-10") —effective for fiscal years beginning after November 15, 2007. ASC 820-10 clarifies the definition of fair value for financial reporting, establishing a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. WESST has adopted ASC 820-10 effective January 1, 2009, for its financial assets and liabilities measured on a recurring basis and nonrecurring basis.

NOTE C—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 and 2009, as noted below, are restricted for purpose.

	<u>2010</u>	<u>2009</u>
WEC Incubator	\$ 290,579	569,702
IDA matching funds	311,938	309,401
Loan & business programs - CDFI grant	175,000	202,832
Loan fund - CDFI	296,237	300,000
Loan fund - HUD	25,000	25,000
Loan fund - POP	250,000	250,000
Loan fund - Refugee	290,128	200,000
Total	\$ <u>1,638,882</u>	<u>1,856,935</u>

**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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WITH COMPARATIVE TOTALS FOR 2009**

WESST has received numerous grants which were designated by the grantors as restricted for loan and related programs. The following includes the detail of activity in these loan funds:

Pocket of Poverty Grant

The City of Albuquerque granted public money in February 1996 for which the City has a continuing fiduciary responsibility. The funds and the generated program income will never be free of the inherent restriction to use them for the benefit of low and moderate income persons. The grant is structured as a deferred loan fund. The deferred loan is not required to be repaid by WESST as long as WESST is in compliance with the conditions of the grant. The Pocket of Poverty grant in the amount of \$250,000 is considered temporarily restricted for lending purposes. Interest income generated from this grant may be used in other programs, and the balance of the loan fund can be reduced by amounts deemed uncollectible by management. The balance of funds in this program as of December 31 is as follows:

	<u>2010</u>	<u>2009</u>
Notes receivable	\$ 267,830	158,308
Cash accounts	49,434	151,130
	<u>317,264</u>	<u>309,438</u>
Interest earned	<u>(67,264)</u>	<u>(59,438)</u>
Total Temporarily Restricted	<u>\$ 250,000</u>	<u>250,000</u>

HUD Funds

The City of Albuquerque granted HUD funds in 2002 to serve public housing residents. A portion of these grant funds was restricted for lending purposes. The amount temporarily restricted is \$25,000.

Political Refugees Grant

In 2002, the U.S. Health and Human Services Office of Refugee Resettlement granted funds to WESST to provide services to political refugees. The funds were received as part of a multi-year grant for use from 2002 through 2005, and a portion of those grant funds was restricted for lending purposes. WESST received additional loan capital in subsequent years. The balance of funds in this account as of December 31 is as follows:

	<u>2010</u>	<u>2009</u>
Notes receivable	\$ 87,342	68,570
Cash accounts	204,688	121,073
Loan loss reserve fund	25,000	25,000
	<u>317,030</u>	<u>214,643</u>
Uncollectible loans	(15,283)	-
Interest earned	<u>(11,619)</u>	<u>(14,643)</u>
Total Temporarily Restricted	<u>\$ 290,128</u>	<u>200,000</u>

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NOTE D—PERMANENTLY RESTRICTED NET ASSETS

WESST established an endowment fund in March 2003 to hold contributions designated for the purpose of providing a permanent and stable source of income for the activities sponsored by WESST. At December 31, 2010 and 2009, the Endowment Trust contained \$1,345. WESST management has omitted disclosures required for endowment funds as described in ASC 958-205 and subsections, due to the small amount included in the Endowment Trust.

NOTE E—CASH RESTRICTED FOR LOANS

Restricted cash balances related to loan activities as of December 31 consist of the following:

	<u>2010</u>	<u>2009</u>
Bank of the West - SBA4 - Microloan	\$ 309,353	327,021
1st National Bank of Santa Fe -SBA8 - Microloan	201,234	-
Bank of the West - LLR4	121,424	121,209
First Community Bank - Microloan	81,412	96,444
First Community Bank - NMSBIC	34,921	40,736
1st National Bank of Santa Fe - LLR8	25,068	-
Total cash restricted for loan activities	<u>\$ 773,412</u>	<u>585,409</u>

WESST is required to maintain loan loss reserve accounts that are at least 10% of the total outstanding principal amount due on all loans made under the SBA Microloan program (shown in the table above as LLR4 and LLR8).

NOTE F—FUNDS HELD FOR OTHERS

WESST maintains cash accounts in a custodial capacity for the IDA program. IDA participants deposit funds into an account maintained by WESST, as per IDA program requirements. Activities related to these funds are not included in WESST'S revenue or expense accounts. The balance of funds held for others as of December 31, 2010 and 2009 is \$52,073 and \$60,549.

NOTE G—RECEIVABLES

At December 31, 2010 and 2009 receivables include the following:

	<u>2010</u>	<u>2009</u>
Government grants receivable	\$ 240,170	182,599
Foundation grants receivable	50,000	100,000
Contributions receivable, net	90,135	126,121
Account & other receivables	30,514	13,278
	<u>\$ 410,819</u>	<u>421,998</u>

In 2007 the McCune Foundation awarded WESST a \$200,000 grant that qualified as an unconditional promise to give. Beginning in 2008, WESST has received \$50,000 a year from the McCune Foundation to support WEC Incubator operations.

Promises to give restricted to the WEC Incubator operations, as of December 31, 2010 and 2009 are \$85,251 and \$ 126,121 (net of the allowance for uncollectable of \$9,472 and \$14,013), respectively.

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Management expects to collect all receivables over the next five years. Promises to give are recorded at present value because the difference is not significant to the financial statements. All other receivables are considered fully collectible, and therefore, no provision for bad debt is included.

NOTE H—NOTES RECEIVABLE

Notes receivable consists of collateralized business development loans made to start-up and existing businesses. Maximum loan amounts are payable over periods of up to six years and individuals may receive loans under more than one loan program. At December 31, 2010 and 2009, the balance of notes receivable was \$1,039,294 and \$939,428, net of the allowance for uncollectible receivables of approximately \$115,477 and 104,381, respectively. Changes in the allowance for loan losses as of December 31 are as follows:

	<u>2010</u>	<u>2009</u>
Balance at beginning of year	\$ 104,381	105,000
Less: Loans written-off	(23,140)	(22,680)
Plus: Recoveries	-	10,375
Provision for loan losses	34,236	11,686
Balance at end of year	\$ <u>115,477</u>	<u>104,381</u>

Information on notes receivable as of December 31 is as follows:

	<u>2010</u>	<u>2009</u>
Total number of outstanding loans	90	94
Number of new loans	48	37
Average new loan amount	\$ 15,356	13,337
Average interest rate of new loans	6.22%	6.24%
Total loans renegotiated	25	30
Principal balance of renegotiated loans at December 31	\$ 311,911	355,227

NOTE I—DONATED ASSETS, MATERIALS AND SERVICES

As of December 31, the WESST recorded the following in donated assets, materials and services:

	<u>2010</u>	<u>2009</u>
Interest - WEC Incubator (Note P)	\$ 184,765	184,765
Interest - other	11,254	13,450
Professional & consulting services	180,841	75,728
Equipment, supplies and materials	71,409	102,664
Rent and utilities	15,192	15,192
Bank fees	-	7,540
Meeting facilities	-	4,390
Computer maintenance	-	1,848
	\$ <u>463,461</u>	<u>405,577</u>

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NOTE J—PROPERTY, EQUIPMENT AND DEPRECIATION

Major classes of property, equipment, and accumulated depreciation are as follows at December 31:

Category	2009	Additions	Deletions	2010
Land	\$ 225,713	-	-	225,713
WEC Capital lease	5,278,988	895,952	-	6,174,940
Land improvements	-	17,138	-	17,138
Furniture, fixtures and equipment	56,376	21,943	-	78,319
Leasehold improvements	106,216	9,664	-	115,880
Construction works-in-progress	-	9,995	-	9,995
Sub-total	<u>5,667,293</u>	<u>954,692</u>	<u>-</u>	<u>6,621,985</u>
Less: Accumulated depreciation	<u>(117,242)</u>	<u>(123,936)</u>	<u>-</u>	<u>(241,178)</u>
Total	<u>\$ 5,550,051</u>	<u>830,756</u>	<u>-</u>	<u>6,380,807</u>

During 2010, WESST received equipment valued at \$21,943 from the City of Albuquerque. The title and ownership of the equipment remain with the City, and WESST will have no right to the property other than usage. Because the terms of the agreement allow WESST to use the property indefinitely, in accordance with ASC 958-605-25-1, WESST has recognized the fair value of the property as contribution revenue and included the equipment in the organization's depreciation schedule.

Details related to the capital lease are provided in a subsequent section of the Notes. Depreciation expense for the years ended December 31, 2010 and 2009 was \$123,936 and \$115,917, respectively.

NOTE K—COMPENSATED ABSENCES

Employees may accrue vacation based on length of service. The limit for accrual is determined as follows:

- Less than five years of service - 84 hours x 1.5 (126 hours)
- 5 to 10 years of service 120 hours - x 1.5 (180 hours)
- More than 10 years of service - 160 x 1.5 (240 hours)

Unused sick leave is not paid upon termination of employment and is not accrued. As of December 31, 2010 and 2009, employees accrued vacation totaling \$54,960 and \$44,197, respectively.

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NOTE L—RETIREMENT PLAN

On May 1, 1997, WESST adopted a retirement savings plan for its employees. This plan allows participants to make contributions by salary reduction pursuant to Section 408(a), SIMPLE-IRA, of the internal revenue code. Employer contributions are required. Under the terms of the Plan, WESST will match employee contributions up to 3% of compensation. The amount elected to be deferred by the employee cannot exceed the limitations prescribed by law. Employees vest immediately in all employer contributions. WESST's matching expense for 2010 and 2009 was \$19,200 and \$15,607 and, respectively.

NOTE M—LINE OF CREDIT

WESST had a \$250,000, 0% interest, revolving line of credit with a local banking institution. The proceeds of this line of credit were restricted for use in WESST loan programs. When this agreement matured on October 30, 2010, the terms of the agreement were changed to an unsecured renewal loan, with a maturity of October 13, 2013. The loan proceeds under the new agreement were \$161,800 and the interest rate remains fixed at 0%. As of December 31, 2010 and 2009, the outstanding balance on these agreements were \$160,400 and \$175,800, respectively. For the years ended December 31, 2010 and 2009, WESST recorded \$11,254 and \$13,450, respectively, as an in-kind contribution on this note.

Maturity of this note is as follows:

December 31:		
	2011	\$ 16,800
	2012	16,800
	2013	126,800
	2014	-
	2015	-
Thereafter,		-
		\$ <u>160,400</u>

Effective September 8, 2010, WESST entered into an agreement for a 0%, \$250,000 line of credit with another local banking institution. The proceeds of this line of credit are also restricted to use in WESST loan programs. No loan proceeds were received by WESST during 2010 under this agreement.

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NOTE N—SECURED DEBT

WESST has a memorandum of agreement with the New Mexico Small Business Investment Corporation (NMSBIC) to cooperatively fund business loans to New Mexico's artisan community. WESST has complete discretion over the loan portfolio and WESST is responsible for the administration of the program. The SBIC agrees to purchase up to 75% of the loan principal disbursed by WESST, up to a maximum of \$375,000. WESST pays interest to the SBIC at an annual rate of 3% of the outstanding principal balance of funds provided by the NMSBIC. Loan losses within the portfolio are shared 75% by the SBIC and 25% by WESST. As WESST collects payments on the loans, it repays 75% of the principal to the SBIC.

In accordance with FASB ASC 860-30 subsections (formerly SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, this arrangement does not qualify as a purchase and is recorded as secured debt. As of December 31, 2010 and 2009, the outstanding principal balance of funds provided by the SBIC to this program was \$89,421 and \$121,282, respectively.

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NOTE O—LONG-TERM DEBT

The following is a summary of long-term debt related to loan programs as of December 31:

	2010	2009
<p>1. \$50,000 note payable to Dakota Foundation. The note is unsecured and is due December 18, 2015. Interest is 2.5%, payable quarterly. Only interest is paid until maturity of the note.</p>	\$ 50,000	50,000
<p>2. \$250,000 note payable to the U.S. Small Business Administration, payable in monthly installments of \$2,932 for ten years, until maturity on July 18, 2011. Interest rate varies from .025% to 2.25%. The note is secured by notes receivable and Loan Loss Reserve Funds.</p>	26,005	60,029
<p>3. \$250,000 note payable to the U.S. Small Business Administration, payable in monthly installments of \$3,058 for ten years, until maturity on October 15, 2013. Interest rate varies from 2.875% to 4.875%. The note is secured by notes receivable and Loan Loss Reserve Funds.</p>	85,059	121,553
<p>4. \$500,000 note payable to the U.S. Small Business Administration, payable in monthly installments of \$5,518 for ten years, until maturity on March 1, 2016. Interest rate varies from 2.375% to 4.375%. The note is secured by notes receivable and Loan Loss Reserve Funds.</p>	321,741	379,170
<p>5. \$500,000 note payable to the U.S. Small Business Administration, payable in monthly installments of \$2,622 for ten years, until maturity on December 19, 2017. Interest rate varies from 2.375% to 4.375%. The note is secured by notes receivable and Loan Loss Reserve Funds.</p>	460,139	478,761
<p>6. \$250,000 note payable to the U.S. Small Business Administration, payable in monthly installments of \$2,371 for ten years, until maturity on October 14, 2019. Interest rate varies from 1.25% to 2.5%. The note is secured by notes receivable and Loan Loss Reserve Funds.</p>	245,448	-
<p>Total notes payable - loan programs</p>	1,188,392	1,089,514
<p>Less current portion</p>	(166,658)	(134,443)
<p>Non-current notes payable</p>	\$ 1,021,734	955,071

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Loans 2, 3, 4, 5 and 6 are loans from the U.S. Small Business Administration and the federal government is at risk for the loans until the debt is repaid. As a result, the amount of loan proceeds borrowed by WESST, and subsequently lent out, are incorporated into the calculation to determine the expenditures for federal awards shown on the *Schedule of Expenditures of Federal Awards*. Aggregate maturities of long-term debt related to the loan program are as follows:

December 31:		
	2011	\$ 166,658
	2012	143,263
	2013	114,665
	2014	109,742
	2015	165,493
Thereafter,		488,572
	\$	<u>1,188,392</u>

NOTE P—CAPITAL LEASE

In December 2008, the construction of the 37,000 square-foot WESST Enterprise Center (WEC) was completed, and WESST took occupancy of the building. The WEC is a business support facility and is designed to house and support local start-up businesses. The construction was a collaborative effort between WESST and the City of Albuquerque (City), with funds for construction provided by both public and private sources. All public funds related to constructing and equipping the WEC were received by the City, and disbursed by the City. The estimated cost of the building, including land, is approximately \$8,750,000.

The Local Economic Development Act Project Participation Agreement (LEDA Agreement), signed by WESST and the City of Albuquerque in November 2010, establishes the arrangement regarding the use and ownership of the WEC. (This agreement supersedes prior agreements between WESST and the City.) The LEDA Agreement establishes that the City is the owner of record of the building and the land, and the City agrees to lease the property to WESST for a minimum period of 20 years at \$1 per year, primarily in exchange for economic development activities, the key deliverable of which is job creation.

The LEDA Agreement provides an option for WESST to take ownership of the property at any time during the lease term by utilizing: (a) *equity interest* in the WEC, (b) the Local Economic Development Act process, (c) cash or other means of financing, or (d) any combination of the aforementioned. WESST *equity interest* in the WEC is measured based on variables outlined in the agreement, such as, the value of “direct jobs created” and “contributions made” by WESST (e.g. development costs, cash contributions, federal funding, leasehold improvements, etc.).

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If and when WESST decides to take ownership of the WEC, the LEDA Agreement also states that WESST will repay to the City a \$1,364,000 Urban Development Action Grant (UDAG) loan which was used primarily to purchase the land for the WEC. Per the LEDA Agreement, at a minimum, WESST will pay the City \$500,000 in cash, however, the balance of the UDAG note may be paid by *equity interest* achieved by "direct jobs created." The maximum purchase price of the property is outlined in the LEDA Agreement and is equivalent to the City's equity in the WEC in addition to the repayment of the UDAG loan.

During 2010, WESST and the City contractually agreed, via completion of the LEDA process to revised estimates, resulting in a total purchase price for the WEC which equals the City's total equity in the project (less the UDAG loan amount which is payable only in the event WESST takes ownership of the WEC). The LEDA Agreement indicates that once WESST's equity interest in the WEC is equivalent to or greater than that of the City's equity interest, the equity of both the City and WESST cancels any further obligation of either party, resulting in the purchase price for WESST becoming only the balance of the UDAG loan plus \$1.00.

As of December 31, 2010, WESST's equity interest in the WEC is \$5,435,187 as certified by the City. As of December 31, 2010, the City's equity in the WEC is \$5,099,350. WESST has chosen not to pursue title of the building at this time. In the event that the City or WESST invests future capital into the WEC in the future, the equity numbers will adjust accordingly. In addition, WESST may earn equity through job creation in the interim which can be applied towards equity in the UDAG loan, however, since the equity is conditioned upon WESST's ownership of the WEC, recognition of this equity is not recorded in these financial statements.

Because the lease agreements between the City and WESST have included opportunities for WESST to acquire ownership of the WEC for a purchase price that is significantly less than fair market value, management considered the lease agreements to contain a bargain purchase option, and the lease was recorded as a capital lease, in accordance with FASB ASC 840-10-25 and subsections (formerly SFAS No. 13, *Accounting for Leases*). As of December 31, 2009, management recorded the value of the lease agreement as \$5,278,988, which is the present value of future minimum lease payments on the UDAG loan (\$329,630) and the value of the bargain purchase option (\$4,949,358) assuming an interest rate of 3.5% over a period of 27 years.

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The effects of the 2010 LEDA Agreement, and the subsequent certification by the City of WESST's equity interest in the WEC, on the capital lease payable and WEC asset recorded by management are summarized below:

Change in the WEC Asset and Capital Lease Payable Resulting from 2010 LEDA Agreement	
City equity	\$ 5,099,350
UDAG loan	1,364,000
Total purchase price, 12/31/10	6,463,350
Less: Imputed interest on UDAG loan (PV of \$500,000 payment, 25 periods, 1 payment, 3.5%)	(288,410)
Value of WEC asset and Capital lease payable, 12/31/10	6,174,940
Value of WEC asset and Capital lease payable, 12/31/09	(5,278,988)
Net change (increases asset and payable)	\$ 895,952
Net Equity in the WEC as of 12/31/10	
Capital lease payable, 12/31/09	\$ 5,278,988
Increase in asset and payable at 12/31/10	895,952
Value of WEC asset and Capital lease payable, 12/31/10	6,174,940
Less: 12/31/10 Capital lease payable	
UDAG loan	1,364,000
(PV of \$500,000 payment, 25 periods, 1 payment, 3.5%)	(288,410)
Balance of capital lease payable after certification of WESST WEC equity interest	1,075,590
Equity contribution the year ended 12/31/10	\$ 5,099,350

For the purposes of recording interest expense on the capital lease, management assumes a 3.5% interest rate, which resulted in in-kind interest of \$196,019 and \$184,765 for the years ended December 31, 2010 and 2009, respectively.

The following is an analysis of the leased property by class of property. Amortization for the years ended 2010 and 2009 was \$103,241.

WEC Capital Lease - Asset Balances, net of Amortization				
Class of Property	2009	Addition	Amortization	2010
Land	\$ 1,149,358	-	-	1,149,358
Building	4,026,389	895,952	(103,241)	4,819,100
	\$ 5,175,747	895,952	(103,241)	5,968,458

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The schedule by years of future minimum lease payments is as follows:

Years ending December 31:	<u>Principal</u>	<u>Estimated Interest (Inkind expense)</u>	<u>Amortized Interest Expense</u>	<u>Total</u>
2011	\$ -	30,240	11,536	41,776
2012	-	30,240	11,536	41,776
2013	-	30,240	11,536	41,776
2014	-	30,240	11,536	41,776
2015	-	30,240	11,536	41,776
Later years	<u>1,075,590</u>	<u>756,000</u>	<u>230,730</u>	<u>2,062,320</u>
Total	<u>\$ 1,075,590</u>	<u>907,200</u>	<u>288,410</u>	<u>2,271,200</u>

NOTE Q—SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections (formerly “SFAS No. 157”) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). (The inputs and methodology used for valuing WESST’s financial assets and liabilities are not indicators of the risks associated with those instruments.)

The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The following table sets forth by level, within the fair value hierarchy, WESST's financial assets measured at fair value as of December 31, 2010:

		Assets at Fair Value			
		Level 1	Level 2	Level 3	Total
Notes receivable	\$	-	1,039,294	-	1,039,294
Total assets at fair value	\$	-	1,039,294	-	1,039,294

The following assumptions were used to estimate the fair value of the assets included in the table above:

- Notes receivable – valued at principal outstanding, less an allowance that takes into account historical collection rates and the creditworthiness of individual borrowers.

NOTE R—EVALUATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 8, 2011, which is the date the financial statements were available to be issued.

NOTE S—ECONOMIC DEPENDENCY

WESST received approximately 85% of its support and revenue in the form of grants and awards from governmental entities, private foundations and other contributions. WESST expects these grants and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, WESST's ability to continue all programs would be diminished.

NOTE T—CONCENTRATION OF CREDIT RISK

WESST maintains its cash balances in six financial institutions. At December 31, 2010 the FDIC insured balances up to \$250,000 per depositor, per institution. In addition, the FDIC Transaction Account Guarantee Program provides unlimited coverage for non-interest bearing transaction deposit accounts at participating institutions. WESST's total uninsured cash balance was \$0 as of December 31, 2010 and 2009.

NOTE U—RELATED PARTIES

Three members of the WESST Board of Directors are employed at local banking institutions where WESST maintains accounts, including Bank of Albuquerque, First National Bank of Santa Fe and Wells Fargo.

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NOTE V—RESTATEMENT

WESST was informed by the US Small Business Administration in 2010 that it had been charged an incorrect interest rate on an outstanding note payable. A restatement of \$19,849 was recorded as of December 31, 2010 to adjust notes payable to the proper balance. In addition, management determined that several loan fund programs, which were originally capitalized by federal grants, were more appropriately classified as temporarily restricted net assets, and are noted below.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
As previously reported	\$ 876,998	1,381,935	476,345	2,735,278
Adjustments				
Reduction of note payable	19,849	-	-	19,849
Reclassification of grant loan funds:				
POP	-	250,000	(250,000)	-
HUD	-	25,000	(25,000)	-
Refugee	-	200,000	(200,000)	-
Net change	<u>19,849</u>	<u>475,000</u>	<u>(475,000)</u>	<u>19,849</u>
Prior year, restated	\$ <u>896,847</u>	<u>1,856,935</u>	<u>1,345</u>	<u>2,755,127</u>

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**WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP AND CONTROLLED AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Federal Agency/ Program Description</u>	<u>CFDA Number</u>	<u>Pass-through Entity's Identifying Number</u>	<u>Federal Awards Expended</u>
Direct Programs:			
U.S. Small Business Administration			
OWBO			
8202400Z0094-01 (ALB)	59.043	n/a	119,527
SBA-HQ-04-W-0001 (GAL)	59.043	n/a	117,465
8202400Z0096-01 (LCR)	59.043	n/a	104,970
8202400Z0099-01 (SF)	59.043	n/a	117,465
SBA-HQ-04-W-0058-07 (ROS)	59.043	n/a	117,465
SBA-HQ-06-W-0033-04 (RIO)	59.043	n/a	150,000
			726,892
SBA-HQ-04-Y-0016 (PRIME)	59.049	n/a	46,373
SBA-HQ-03-Y-0051 (OFA Microloan TA)*	59.046	n/a	178,148
ARRA - SBA-HQ-03-Y-0051 (OFA Microloan TA)*	59.046	n/a	316,708
			494,856
U.S. Department of Commerce			
LEED - Certified Business Incubator Construction	11.300	n/a	32,000
U.S. Department of Labor			
WiSeUp Demonstration Project	17.000	DOLB10F422207	2,400
U.S. Department of Health and Human Services			
Refugee Microenterprise Development Program	93.576	n/a	134,813
Assets for Independence Demonstration Program	93.000	90EIO609/01	171,760
U.S. Department of Agriculture			
36-001 (RCDI) Rural Capacity Building	10.446	n/a	81,542
			\$ 1,690,636
Reconciliation of federal expenditure to federal revenue:			
Federal revenue per Statement of Activities			\$ 1,968,875
Federal awards expended per SEFA			(1,690,636)
Difference			\$ 278,239
Reconciling items:			
Refugee loan fund capital received in 2010 and not expended			\$ (50,000)
IDA match funds received in prior years and expended in 2010			(228,239)
			\$ (278,239)
Note 2.			
Federal loan and loan guarantees:			
At December 31, 2010, WESST has five outstanding loans from SBA.			\$ 26,005
The federal government is at risk for loans made under this program until the debt is repaid.			85,059
			321,741
			460,139
			245,448
			\$ 1,138,392
		Total SBA loans outstanding \$	1,138,392

SEE INDEPENDENT AUDITORS' REPORT

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, INC. AND CONTROLLED AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal loan programs:

	SBA Loan Portfolio*	Refugee Loan Portfolio	CDFI Loan Portfolio
CFDA#	59.000	93.000	21.020
Loans receivable as of January 1, 2010	\$ 655,011	68,570	-
Loans disbursed	196,367	68,925	223,587
Loan payments received	(333,898)	(60,153)	30,964
Loans deemed uncollectible	(4,095)	(15,283)	(3,763)
Loan receivable as of December 31, 2010	\$ 513,385	62,059	250,788
Total federal loan programs			\$ 826,232

Note 3. Determination of Single Audit

Federal Loan Receivable as of December 31, 2010	\$ 826,232
Plus other federal awards expended	1,690,636
Total federal awards used for determination of single audit	\$ 2,516,868

Payments to subrecipients:

WESST passed through RCDI (CFDA No. 10.446) funds to the following organizations:

Tierra del Sol Housing Corp	\$ 714
Espanola Valley Fiber Arts Center	9,148
	\$ 9,862

*Major program

WOMEN'S ECONOMIC SELF-SUFFICIENCY TEAM, CORP AND CONTROLLED AFFILIATE
SUPPLEMENTAL SCHEDULE - DETAIL OF TEMPORARILY RESTRICTED ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted			Total	Permanently Restricted	Total
		Other	WEC Incubator	IDA Match Funds			
Support and revenue							
Contributions and support	\$ -	242,202	30,356	-	272,558	-	272,558
Federal grants	-	1,628,875	-	340,000	1,968,875	-	1,968,875
State and other grants	-	5,000	-	-	5,000	-	5,000
Consulting, training and other fees	39,181	-	-	-	-	-	39,181
WEC membership	181,194	-	-	-	-	-	181,194
Interest and loan fees	-	77,094	-	-	77,094	-	77,094
In-kind contributions - materials	71,409	-	-	-	-	-	71,409
In-kind contributions - services	196,033	-	-	-	-	-	196,033
In-kind contributions - interest	196,019	-	-	-	-	-	196,019
Miscellaneous	208	-	-	-	-	-	208
Restriction satisfied by payment	2,541,580	(1,894,638)	(309,479)	(337,463)	(2,541,580)	-	-
Total support and revenue	3,225,624	58,533	(279,123)	2,537	(218,053)	-	3,007,571
Expenses							
Program Services							
Business consulting and training	1,674,366	-	-	-	-	-	1,674,366
Financial assistance	894,614	-	-	-	-	-	894,614
Total program expenses	2,568,980	-	-	-	-	-	2,568,980
Support Services							
Management and general	210,814	-	-	-	-	-	210,814
Fund-raising	181,859	-	-	-	-	-	181,859
Total support services expenses	392,673	-	-	-	-	-	392,673
Total expenses	2,961,653	-	-	-	-	-	2,961,653
Change in net assets before unusual item	263,971	58,533	(279,123)	2,537	(218,053)	-	45,918
Unusual item - LEDA Agreement WEC Equity Contribution	5,099,350	-	-	-	-	-	5,099,350
Change in net assets	5,363,321	58,533	(279,123)	2,537	(218,053)	-	5,145,268
Net assets, beginning of year	896,847	977,832	569,702	309,401	1,856,935	1,345	2,755,127
Net assets, end of year	\$ 6,260,168	1,036,365	290,579	311,938	1,638,882	1,345	7,900,395

SEE INDEPENDENT AUDITORS' REPORT



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
The Women's Economic Self-Sufficiency Team, Corp
Albuquerque, New Mexico

We have audited the consolidated financial statements of the Women's Economic Self-Sufficiency Team, Corp (WESST) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 8, 2011. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the WESST's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of WESST's internal control. Accordingly, we do not express an opinion on the effectiveness of WESST's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

June 8, 2011

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS, CONTINUED***

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WESST's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that were required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Board of Directors of WESST, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
June 8, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

To the Board of Directors of
The Women's Economic Self-Sufficiency Team, Corp
Albuquerque, New Mexico

Compliance

We have audited the compliance of the Women's Economic Self-Sufficiency Team, Corp (WESST) with the types of compliance requirements described in the U. S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended December 31, 2010. WESST's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the WESST's management. Our responsibility is to express an opinion on WESST's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WESST's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on WESST's compliance with those requirements.

In our opinion, WESST complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

June 8, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133, CONTINUED**

Internal Control Over Compliance

The management of the WESST is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered WESST's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors of WESST, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Hinkle & Landers, P.C.
June 8, 2011

**WOMEN'S ECONOMIC SELF SUFFICIENCY TEAM, CORP
AND CONTROLLED AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Section II and III—Financial Statement and Federal Award Findings and Questioned Costs

Section II. Financial Statement Finding

Current Year Findings:
None

Prior Year Findings:
None

Section III. Federal Award Finding

Current Year Findings:
None

Prior Year Findings:
None