

Centro Tyrone Guzman
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2020 and 2019



CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Centro Tyrone Guzman
Minneapolis, Minnesota

We have audited the accompanying financial statements of Centro Tyrone Guzman, which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centro Tyrone Guzman as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
August 19, 2021

CENTRO TYRONE GUZMAN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 735,253	\$ 201,382
Accounts Receivable	200,131	62,039
Grants Receivable	270,855	204,209
Prepaid Expenses	6,909	10,710
Total Current Assets	<u>1,213,148</u>	<u>478,340</u>
Property and Equipment - Net	<u>814,726</u>	<u>769,595</u>
TOTAL ASSETS	<u>\$ 2,027,874</u>	<u>\$ 1,247,935</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 50,220	\$ 40,267
Accrued Payroll Liabilities	55,087	20,582
Refundable Advance	47,440	-
Notes Payable - Current Portion	241,738	29,024
Total Current Liabilities	<u>394,485</u>	<u>89,873</u>
Notes Payable - Long Term Portion	<u>46,685</u>	<u>80,466</u>
TOTAL LIABILITIES	441,170	170,339
Net Assets:		
Without Donor Restrictions	874,877	798,820
With Donor Restrictions	711,827	278,776
Total Net Assets	<u>1,586,704</u>	<u>1,077,596</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,027,874</u>	<u>\$ 1,247,935</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

CENTRO TYRONE GUZMAN
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions and Grants	\$ 1,961,272	\$ 748,968	\$ 2,710,240	\$ 1,154,871	\$ 191,152	\$ 1,346,023
Interest Income	173	-	173	379	-	379
Program Services Fees	253,695	-	253,695	375,117	-	375,117
Other Income	-	-	-	170	-	170
Net Assets Released from Restrictions:						
Satisfactions of Program and Time Restrictions	315,917	(315,917)	-	240,187	(240,187)	-
Total Support and Revenue	2,531,057	433,051	2,964,108	1,770,724	(49,035)	1,721,689
Expense:						
Program Services	1,964,881	-	1,964,881	1,465,699	-	1,465,699
Support Services:						
Management & General	433,599	-	433,599	193,281	-	193,281
Fundraising	56,520	-	56,520	79,942	-	79,942
Total Support Services	490,119	-	490,119	273,223	-	273,223
Total Expense	2,455,000	-	2,455,000	1,738,922	-	1,738,922
Change in Net Assets	76,057	433,051	509,108	31,802	(49,035)	(17,233)
Net Assets - Beginning of Year	798,820	278,776	1,077,596	767,018	327,811	1,094,829
Net Assets - End of Year	\$ 874,877	\$ 711,827	\$ 1,586,704	\$ 798,820	\$ 278,776	\$ 1,077,596

The accompanying Notes to Financial Statements are an integral part of these statements.

CENTRO TYRONE GUZMAN
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	2020				2019	
	Support Services				Total	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 844,292	\$ 167,366	\$ 17,966	\$ 185,332	\$ 1,029,624	\$ 978,705
Employee Benefits	76,025	519	2,147	2,666	78,691	84,495
Payroll Taxes	81,690	553	1,592	2,145	83,835	80,793
Total Personnel Costs	<u>1,002,007</u>	<u>168,438</u>	<u>21,705</u>	<u>190,143</u>	<u>1,192,150</u>	<u>1,143,993</u>
Supplies and Materials	752,801	-	-	-	752,801	60,194
Food and Beverage	120,822	-	-	-	120,822	65,828
Professional Services	52,776	30,008	33,670	63,678	116,454	157,496
Occupancy	13,556	93,492	-	93,492	107,048	128,279
Miscellaneous	7,034	15,930	497	16,427	23,461	19,105
Training, Conference and Travel	6,626	15,000	468	15,468	22,094	65,928
Insurance	50	21,472	-	21,472	21,522	18,428
Technology	6,602	13,764	-	13,764	20,366	9,787
Office Supplies	2,552	5,778	180	5,958	8,510	10,200
Depreciation	55	69,717	-	69,717	69,772	59,684
Total Expense	<u>\$ 1,964,881</u>	<u>\$ 433,599</u>	<u>\$ 56,520</u>	<u>\$ 490,119</u>	<u>\$ 2,455,000</u>	<u>\$ 1,738,922</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

CENTRO TYRONE GUZMAN
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 881,957	\$ 61,291	\$ 35,457	\$ 96,748	\$ 978,705
Employee Benefits	76,151	5,604	2,740	8,344	84,495
Payroll Taxes	78,447	936	1,410	2,346	80,793
Total Personnel Costs	1,036,555	67,831	39,607	107,438	1,143,993
Program Supplies	57,674	140	2,380	2,520	60,194
Food and Beverage	65,660	-	168	168	65,828
Professional Services	101,574	21,628	34,294	55,922	157,496
Occupancy	92,667	35,017	595	35,612	128,279
Miscellaneous	9,540	8,314	1,251	9,565	19,105
Training, Conference and Travel	65,828	16	84	100	65,928
Insurance	18,428	-	-	-	18,428
Telephone and Internet	8,554	192	1,041	1,233	9,787
Office Supplies	9,219	459	522	981	10,200
Depreciation	-	59,684	-	59,684	59,684
Total Expense	\$ 1,465,699	\$ 193,281	\$ 79,942	\$ 273,223	\$ 1,738,922

The accompanying Notes to Financial Statements
are an integral part of this statement.

CENTRO TYRONE GUZMAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 509,108	\$ (17,233)
Total Adjustments	<u>(39,267)</u>	<u>73,877</u>
Net Cash Provided by Operating Activities	469,841	56,644
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(114,903)</u>	<u>(132,108)</u>
Net Cash (Used) by Investing Activities	(114,903)	(132,108)
Cash Flows from Financing Activities:		
Payments on Notes Payable	(32,067)	(27,395)
Proceeds from PPP Loan	<u>211,000</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>178,933</u>	<u>(27,395)</u>
Net Increase (Decrease) in Cash	533,871	(102,859)
Cash - Beginning of Year	<u>201,382</u>	<u>304,241</u>
Cash - End of Year	<u>\$ 735,253</u>	<u>\$ 201,382</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 5,495</u>	<u>\$ 7,167</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organizational Purpose

Centro Tyrone Guzman (the Organization) was incorporated February 1, 1974 as a Minnesota nonprofit corporation that is committed to the wellbeing of Latine* families through providing a holistic approach to education, health and wellness. The Organization is supported by local, federal and foundation grants along with private donors to provide resources for low-income Latine families in Minneapolis and the Twin Cities metro area.

The Organization's family-centered programs in education, family engagement, and community engagement serve around 3,000 individuals annually, with programming from prenatal through elders. The Organization's programs revolve around the model of an *Intergenerational Learning Community*, using a Montessori-influenced approach across the lifespan to educate, connect, and engage Latines of all ages. As described below, the Organization offers programs for Children, Youth, and Adults/Elders, as well as Core Support.

The Organization has chosen to use "e" in place of the Spanish-language masculine "o" to include people of all genders.

Early Childhood

The Organization offers Prenatal and Post-partum Education and Support, as well as a Montessori-influenced Daycare for young children to attend while their parent(s) attend on-site programming. Siembra Montessori is the Organization's nationally-recognized dual-language (Spanish/English) early learning center designed for Latine children, ages 3-6.

Youth

Latine youth with frequent school absences receive support from the Organization's be@school program, which is delivered through a partnership with Hennepin County and the Minneapolis Public Schools. The Organization's Family Summer Program connects youth and their parents to culturally-relevant opportunities to learn and grow over the summer months. For Latine middle and high school youth, the Raices Youth Development Program provides on-site and in-school programming to promote healthy behaviors, strengthen families, and support youth to achieve a successful future. Raices includes the "Jovenes Latinas al Poder" Advocacy Group, the "Hecho con Raices" Youth Social Entrepreneurship (YSE) program, and the "Colores" LGBTQ+ Youth Program.

Adult & Aging

The Organization's Adult Literacy Program offers tutoring in Spanish for adults/elders who want to complete their primary or secondary education, and its Educational Advocacy Program engages Latine parents/caregivers in advocating for equitable educational opportunities for Latine students. The Wise Elders Program provides culturally-responsive, community-based programming and individualized case management for Latine immigrant elders and their caregivers, including elders with Alzheimer's disease and other types of dementia. The Organization's Family Nutrition Program works across generations to help Latine families adopt healthier eating habits.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Core Support

Across all programs, the Organization helps Latine families access the resources and information they need to thrive. The Organization's Information Center Manager helps connect families to community resources to address any challenges they may be facing – from domestic violence to legal assistance to housing and more. In addition, the Organization hosts annual Cultural Events designed to provide a community gathering point to sustain the beauty and power of the Latine culture in the Twin Cities metro area and to promote the strengths of the Latine community. Annual cultural events include Family Day, Day of the Dead and the Christmas Party.

Net Assets

In order to observe the limitations and restrictions placed on resources available to the Organization, resources are classified for accounting and reporting purposes in net asset groups. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

The Organization capitalizes purchases of property and equipment over \$500 at cost if purchased or at estimated market value at date of contribution if donated. Depreciation is provided through the use of the straight-line method.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Salaries and related expenses are allocated based on employees and management's direct time spent on program or support services. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support service, are allocated based on management's best estimates.

Accounts Receivable and Doubtful Accounts

No allowance for doubtful accounts has been provided for since the management of the Organization expects all receivables to be collected. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided as receivables are considered collectable.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Revenue and Revenue Recognition

The Organization recognizes program service fee revenue when the performance obligations of providing the services are met.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. \$47,440 has been received in advance under our federal and state contracts and grants.

Subsequent Events

The Organization has evaluated the effect of subsequent events would have on the financial statements through August 19, 2021, which is the date financial statements were available to be issued.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt from Income Tax (Form 990).

Use of Estimates

The preparation 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 at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Concentrations of Credit Risk

The Organization provides services within the Twin Cities area. The amounts due for services provided are from individuals, or their third-party payers, substantially all of whom are local residents. In addition, grants and contributions receivables are from local residents, governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2020 and 2019, the Organization held funds at a local financial institution in excess of federally insured limits.

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. Grants Receivable

The outstanding balance of grants receivable as of December 31, 2020 is expected to be collected over the following fiscal years:

<u>Due in the Years Ending December 31,</u> 2021	<u>\$ 270,855</u>
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5. Property and Equipment

The Organization owned the following as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2020</u>	<u>2019</u>	
Land	\$ 104,000	\$ 104,000	
Building	326,358	326,358	39 years
Building Improvements	541,135	502,174	5 – 39 years
Furniture and Equipment	262,609	186,667	3 – 10 years
Siembra Buildout	<u>10,230</u>	<u>10,230</u>	
	1,244,332	1,129,429	
Less Accumulated Depreciation	<u>429,606</u>	<u>359,834</u>	
	<u>\$ 814,726</u>	<u>\$ 769,595</u>	

Depreciation expense of \$69,772 and \$59,684 was recorded for the years ended December 31, 2020 and 2019, respectively.

6. Art Collection

The Organization maintains a collection of artwork that has not been capitalized and has an estimated value of approximately \$39,000.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Specific Purpose Program Services	<u>\$ 711,827</u>	<u>\$ 278,776</u>

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. Notes Payable

The breakdown of notes payable was as follows as of:

	December 31,	
	2020	2019
5.75% notes payable to Bremer Bank. Payable in monthly payments of \$2,880, including interest, matures June 2023. Loan is secured by the building.	\$ 77,423	\$ 109,490
Less Portion Due Within One Year	30,738	29,024
Long-term Portion	\$ 46,685	\$ 80,466

Principal payments required are as follows:

	December 31,
<u>Due in the Year Ending December 31,</u>	
2021	\$ 30,738
2022	32,552
2023	14,133
Total	\$ 77,423

The Organization maintains a \$237,500 line of credit with Bremer Bank. Interest is equal to an annual rate of 2.0% over the prime rate. The line is secured by all assets of the Organization. At December 31, 2020 and 2019 there was no outstanding balance.

9. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows for the years ended:

	December 31,	
	2020	2019
Depreciation	\$ 69,772	\$ 59,684
Increases (Decreases) in Current Liabilities:		
Accounts Payable	9,953	20,002
Accrued Payroll Liabilities	34,505	(5,902)
Refundable Advance	47,440	-
Decreases (Increases) in Current Assets:		
Accounts Receivable	(138,092)	385
Grants Receivable	(66,646)	(5,654)
Prepaid Expense	3,801	5,362
Total Adjustments	\$ (39,267)	\$ 73,877

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. Liquidity and Availability

The following represents the Organization's financial assets as of:

	December 31,	
	2020	2019
Financial Assets:		
Cash	\$ 735,253	\$ 201,382
Accounts Receivable	200,131	62,039
Grants Receivable	270,855	204,209
Total Financial Assets	1,206,239	467,630
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	711,827	278,776
Net Assets with Restrictions to be met within a year	711,827	-
Total assets not available to be used within one year	-	278,776
Financial assets available for general expenditures within one year	<u>\$ 1,206,239</u>	<u>\$ 188,854</u>

The Organization has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

In addition, the Organization has a \$237,500 line of credit that can be used.

11. PPP Loan

On April 20, 2020, the Organization was received a loan (the "Loan") from the SBA Bank in the aggregate amount of \$211,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated April 20, 2020 issued by the Borrower, matures on April 20, 2022 and bears interest at a rate of 1% per annum, originally payable monthly commencing on November 20, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The payment terms on all PPP loans changed with the signing of the Flexibility Act on June 5, 2020, and payments are now deferred for 10 months after the borrower's covered period, i.e. either 12 or 16 months from origination. In addition, if a borrower applies for forgiveness before the end of the 10 month deferral period, then payments continue to defer until a decision on the forgiveness is returned from the SBA.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. PPP Loan (Continued)

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In accordance with these Loan forgiveness terms, funds from the Loan were used by the Organization for payroll costs, group health care and retirement benefits, and rent.

The Organization has elected to carry the Loan as debt on its statement of financial as of December 31, 2020 per FASB ASC 470.