

Centro Tyrone Guzman
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2019 and 2018



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

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, 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 audit. 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 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Prior Period Financial Statements

The financial statements of Centro Tyrone Guzman which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and changes in net assets, functional expense, and cash flows for the year then ended, were audited by other auditors whose report dated April 17, 2019, expressed an unmodified opinion on those statements.

Carpenter Ernst and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
April 17, 2020

CENTRO TYRONE GUZMAN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 201,382	\$ 304,241
Accounts Receivable	62,039	62,424
Grants Receivable	204,209	198,555
Prepaid Expenses	10,710	16,072
Total Current Assets	<u>478,340</u>	<u>581,292</u>
Property and Equipment - Net	<u>769,595</u>	<u>697,171</u>
TOTAL ASSETS	<u>\$ 1,247,935</u>	<u>\$ 1,278,463</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 40,267	\$ 20,265
Accrued Payroll Liabilities	20,582	26,484
Notes Payable - Current Portion	29,024	27,410
Total Current Liabilities	<u>89,873</u>	<u>74,159</u>
Notes Payable - Long Term Portion	<u>80,466</u>	<u>109,475</u>
TOTAL LIABILITIES	170,339	183,634
Net Assets:		
Without Donor Restrictions	798,820	767,018
With Donor Restrictions	278,776	327,811
Total Net Assets	<u>1,077,596</u>	<u>1,094,829</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,247,935</u>	<u>\$ 1,278,463</u>

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, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019				2018	
	Support Services				Total All Services	
	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 881,957	\$ 61,291	\$ 35,457	\$ 96,748	\$ 978,705	\$ 898,877
Employee Benefits	76,151	5,604	2,740	8,344	84,495	74,879
Payroll Taxes	78,447	936	1,410	2,346	80,793	60,166
Total Personnel Costs	<u>1,036,555</u>	<u>67,831</u>	<u>39,607</u>	<u>107,438</u>	<u>1,143,993</u>	<u>1,033,922</u>
Professional Services	101,574	21,628	34,294	55,922	157,496	122,802
Occupancy	92,667	35,017	595	35,612	128,279	112,337
Training, Conference and Travel	65,828	16	84	100	65,928	62,403
Food and Beverage	65,660	-	168	168	65,828	61,707
Program Supplies	57,674	140	2,380	2,520	60,194	74,322
Miscellaneous	9,540	8,314	1,251	9,565	19,105	-
Insurance	18,428	-	-	-	18,428	17,748
Office Supplies	9,219	459	522	981	10,200	8,989
Technology	8,554	192	1,041	1,233	9,787	7,391
Depreciation	-	59,684	-	59,684	59,684	42,032
Total Expense	<u>\$ 1,465,699</u>	<u>\$ 193,281</u>	<u>\$ 79,942</u>	<u>\$ 273,223</u>	<u>\$ 1,738,922</u>	<u>\$ 1,543,653</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, 2018

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Support Services	
Salaries	\$ 849,864	\$ 41,421	\$ 7,592	\$ 49,013	\$ 898,877
Employee Benefits	70,062	4,012	805	4,817	74,879
Payroll Taxes	56,400	3,230	536	3,766	60,166
Total Personnel Costs	976,326	48,663	8,933	57,596	1,033,922
Professional Services	62,142	29,726	30,934	60,660	122,802
Occupancy	105,236	2,849	4,252	7,101	112,337
Training, Conference and Travel	59,432	869	2,102	2,971	62,403
Food and Beverage	57,549	975	3,183	4,158	61,707
Program Supplies	50,939	13,690	9,693	23,383	74,322
Insurance	16,125	1,272	351	1,623	17,748
Office Supplies	3,202	5,443	344	5,787	8,989
Telephone and Internet	4,868	2,400	123	2,523	7,391
Depreciation	33,363	7,865	804	8,669	42,032
Total Expense	\$ 1,369,182	\$ 113,752	\$ 60,719	\$ 174,471	\$ 1,543,653

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (17,233)	\$ 146,291
Total Adjustments	<u>73,877</u>	<u>(80,518)</u>
Net Cash Provided by Operating Activities	56,644	65,773
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(132,108)	(46,750)
Proceeds from Sale of Property and Equipment	<u>-</u>	<u>1,400</u>
Net Cash (Used) by Investing Activities	(132,108)	(45,350)
Cash Flows from Financing Activities:		
Payments on Notes Payable	(27,395)	(13,115)
Proceeds from Notes Payable	<u>-</u>	<u>11,812</u>
Net Cash (Used) by Financing Activities	<u>(27,395)</u>	<u>(1,303)</u>
Net Increase (Decrease) in Cash	(102,859)	19,120
Cash - Beginning of Year	<u>304,241</u>	<u>285,121</u>
Cash - End of Year	<u>\$ 201,382</u>	<u>\$ 304,241</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 7,167</u>	<u>\$ 6,602</u>

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

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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.

Centro Tyrone Guzman's family-centered programs in education, family engagement, and community engagement serve around 4,000 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.

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

Early Childhood

Centro Tyrone Guzman 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

Centro Tyrone Guzman'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, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

Core Support

Across all programs, Centro Tyrone Guzman 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 which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations or do not expire with time nor may be fulfilled by actions of the Organization.

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.

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.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

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. The Organization uses the direct write-off method to account for uncollectible accounts receivable, whereby accounts are written-off as uncollectible when that determination has been made.

Pledges and Grants Receivable

Promises-to-give that are expected to be collected within one year are recorded at their net realizable value. Promises-to-give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included as support until such time as the conditions are substantially met. Pledges and grants receivable are received from local individuals and institutions. No allowance for doubtful pledges has been provided, as pledges and grants receivable are considered collectable.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. If donor-imposed restrictions accompany the contribution, the amount is recorded as with donor restrictions. Net assets without donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Program Service Fees

Program service fees are recognized as revenue when the services are provided.

Government Fees and Grants

Government grants and contract funds are recorded as contributions. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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.

Subsequent Events

The Organization has evaluated the effect of subsequent events would have on the financial statements through April 17, 2020, which is the date financial statements were available to be issued.

New Accounting Pronouncements

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standards improve the usefulness and understandability of the Organization's financial reporting.

The Organization has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, the Organization held funds at a local financial institution in excess of federally insured limits.

3. Property and Equipment

The Organization owned the following as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2019</u>	<u>2018</u>	
Land	\$ 104,000	\$ 104,000	
Building	326,358	326,358	39 years
Building Improvements	502,174	597,351	5 – 39 years
Furniture and Equipment	186,667	341,977	3 – 10 years
Siembra Buildout	<u>10,230</u>	<u>-</u>	
	1,129,429	1,369,686	
Less Accumulated Depreciation	<u>359,834</u>	<u>672,515</u>	
	<u>\$ 769,595</u>	<u>\$ 697,171</u>	

Depreciation expense of \$59,684 and \$42,032 was recorded for the years ended December 31, 2019 and 2018, respectively.

4. Grants Receivable

The outstanding balance of grants receivable as of December 31, 2019 is expected to be collected over the following fiscal years:

<u>Due in the Years Ending December 31,</u>	
2020	<u>\$ 204,209</u>

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

5. Art Collection

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

6. Net Assets With Donor Restrictions

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

	December 31,	
	2019	2018
Specific Purpose Program Services	\$ 278,776	\$ 327,811

7. Notes Payable

The breakdown of notes payable was as follows as of:

	December 31,	
	2019	2018
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.	\$ 109,490	\$ 136,855
Less Portion Due Within One Year	29,024	27,410
Long-term Portion	\$ 80,466	\$ 109,475

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u>	
2020	\$ 29,024
2021	30,738
2022	32,552
2023	17,176
Total	\$ 109,490

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, 2019 and 2018 there was no outstanding balance.

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

8. Liquidity and Availability

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

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash	\$ 201,382	\$ 304,241
Accounts Receivable	204,209	198,555
Pledges Receivable	<u>62,039</u>	<u>62,424</u>
Total Financial Assets	467,630	565,220
Less Amounts not available to be used within one year:		
Net Assets with donor restrictions	<u>278,776</u>	<u>327,811</u>
Financial assets available to general expenditures within one year	<u>\$ 188,854</u>	<u>\$ 237,409</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.

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:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Depreciation	\$ 59,684	\$ 42,032
(Gain) on Disposal of Fixed Asset	-	(567)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	20,002	2,992
Accrued Payroll Liabilities	(5,902)	(15,062)
Decreases (Increases) in Current Assets:		
Accounts Receivable	385	(51,564)
Grants Receivable	(5,654)	(56,243)
Prepaid Expense	<u>5,362</u>	<u>(2,106)</u>
Total Adjustments	<u>\$ 73,877</u>	<u>\$ (80,518)</u>