

CENTRO CULTURAL CHICANO

Minneapolis, MN

Financial Statements
For the Years Ended
December 31, 2013 and 2012

ROMER & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

CENTRO CULTURAL CHICANO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Centro Cultural Chicano
Minneapolis, MN

We have audited the accompanying financial statements of Centro Cultural Chicano, (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Cultural Chicano as of December 31, 2013 and 2012, 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.

Romer & Company, PC

Romer & Company, PC
Minneapolis, MN
March 27, 2014

**CENTRO CULTURAL CHICANO
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 198,108	\$ 190,897
Grants Receivable	142,675	110,473
Accounts Receivable	14,833	7,908
Prepaid Expenses	1,941	12,296
Total Current Assets	357,557	321,574
<i>Noncurrent Assets</i>		
Land	104,000	104,000
Buildings and Improvements	660,141	654,163
Furniture and Equipment	288,317	284,510
Less: Accumulated Depreciation	(504,718)	(463,555)
Total Noncurrent Assets	547,740	579,118
TOTAL ASSETS	\$ 905,297	\$ 900,692
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	\$ 9,628	\$ 28,274
Current Portion of Long-term Debt	22,184	24,584
Deferred Revenue	11,830	3,080
Accrued Expenses	45,445	44,174
Total Current Liabilities	89,087	100,112
<i>Noncurrent Liabilities</i>		
Long-term Debt	22,184	24,584
Less: Current Portion	(22,184)	(24,584)
Total Noncurrent Liabilities	-	-
TOTAL LIABILITIES	89,087	100,112
NET ASSETS		
Unrestricted	630,142	654,068
Temporarily Restricted	186,068	146,512
Permanently Restricted	-	-
TOTAL NET ASSETS	816,210	800,580
TOTAL LIABILITIES AND NET ASSETS	\$ 905,297	\$ 900,692

**CENTRO CULTURAL CHICANO
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
SUPPORT AND REVENUE								
Grants	\$ 697,200	\$ 146,068	\$ -	\$ 843,268	\$ 758,559	\$ 116,512	\$ -	\$ 875,071
Contributions	61,503	-	-	61,503	38,631	-	-	38,631
Rental Income	36,960	-	-	36,960	33,880	-	-	33,880
In-kind	2,858	-	-	2,858	8,935	-	-	8,935
Interest	52	-	-	52	290	-	-	290
Gain on Disposal of Assets	-	-	-	-	3,732	-	-	3,732
Program Service Fees	84,030	-	-	84,030	95,979	-	-	95,979
United Way	466,245	-	-	466,245	448,185	-	-	448,185
	1,348,848	146,068	-	1,494,916	1,388,191	116,512	-	1,504,703
NET ASSETS RELEASED FROM RESTRICTIONS	106,512	(106,512)	-	-	188,440	(188,440)	-	-
TOTAL SUPPORT AND REVENUE	1,455,360	39,556	-	1,494,916	1,576,631	(71,928)	-	1,504,703
EXPENSES								
Program Services	1,291,395	-	-	1,291,395	1,318,075	-	-	1,318,075
Management and General	151,612	-	-	151,612	135,074	-	-	135,074
Fundraising	36,279	-	-	36,279	38,625	-	-	38,625
TOTAL EXPENSES	1,479,286	-	-	1,479,286	1,491,774	-	-	1,491,774
CHANGE IN NET ASSETS	(23,926)	39,556	-	15,630	84,857	(71,928)	-	12,929
NET ASSETS AT BEGINNING OF YEAR	654,068	146,512	-	800,580	569,211	218,440	-	787,651
NET ASSETS AT END OF YEAR	<u>\$ 630,142</u>	<u>\$ 186,068</u>	<u>\$ -</u>	<u>\$ 816,210</u>	<u>\$ 654,068</u>	<u>\$ 146,512</u>	<u>\$ -</u>	<u>\$ 800,580</u>

**CENTRO CULTURAL CHICANO
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 15,630	\$ 12,929
Adjustments to Reconcile to Net Cash Provided/(Used) by Operating Activities:		
Depreciation and Amortization	41,163	36,206
Gain on Sale of Fixed Assets	-	(3,732)
(Increase)/Decrease in Current Assets:		
Grants Receivable	(32,202)	12,320
Accounts Receivable	(6,925)	(5,023)
Prepaid Expenses	10,355	(12,296)
Increase/(Decrease) in Current Liabilities:		
Accounts Payable	(18,646)	12,744
Accrued Expenses	1,271	11,633
Deferred Revenue	8,750	-
Total Adjustments	3,766	51,852
Net Cash Provided/(Used) by Operating Activities	19,396	64,781
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds From Sale of Fixed Assets	-	3,732
Purchase of Furniture, Equipment and Improvements	(9,785)	(184,678)
Net Cash Provided/(Used) by Investing Activities	(9,785)	(180,946)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of Long-term Debt	(2,400)	(2,400)
Net Cash Provided/(Used) by Financing Activities	(2,400)	(2,400)
NET INCREASE/(DECREASE) IN CASH	7,211	(118,565)
CASH AT BEGINNING OF YEAR	190,897	309,462
CASH AT END OF YEAR	\$ 198,108	\$ 190,897
SUPPLEMENTAL INFORMATION:		
Services Acquired through Donations	\$ 2,858	\$ 8,935

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – THE ORGANIZATION

Centro Cultural Chicano, also known as Centro, (the Organization) is a nonprofit, 501(c)(3) tax-exempt organization. The Organization was incorporated February 1, 1974 as a Minnesota nonprofit corporation. The Organization's central goal is to provide client-centered assistance to the Chicano/Latino population to overcome social barriers – that prevent academic achievement, and/or economic independence. The Organization provides a comprehensive array of services to address the most immediate needs of the Latino community in the Minneapolis and surrounding areas. Services include on site programs tailored to fit the needs of the Latino community and maintains an extensive referral system to provide social service and counseling solutions.

The Organization is supported by local, federal and foundation grants along with private donors to provide resources for low-income Latino families in Minneapolis and the Twin Cities metro area. Centro's mission is to contribute to the well-being and full participation of Latin@s through education and family engagement.

Over 40,000 contacts are made annually to the Organization's education, health, and human service departments from newborns to elders. Programs are developed to reflect the needs of the families and are designed to address issues that affect individual well-being. In addition to the main Education and Health and Welfare departments as discussed below, the Organization provides:

- Information Center: Provides service 6 days a week to support immediate emergency Latino family or individual needs by connecting clients to available services ranging from education, medical/mental health, domestic violence issues, emergency food, or other primary life event needs.
- Cultural Events: Provide a community gathering point to sustain the beauty and power of the Latino culture in the Twin Cities metro area and to re-awaken/support the cultural and spiritual strengths of the Latino community. The Organization hosts annual cultural events including Day of the Dead, Dia del Nino, and health fair.

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – THE ORGANIZATION (cont.)

Education Department

The goal of this department is to promote literacy skills and increased access to education for low-income Latino families. The department serves students from the age 33 months Siembra Montessori Early Learning Center to adults in the adult literacy programs.

PROGRAMS:

- **Siembra Montessori Early Learning Center**

Siembra Montessori is a licensed, NAEYC accredited, full-day, Early Learning Center. Siembra is committed to providing the highest quality educational environment for each child through authentic implementation of the Montessori methodology. Siembra partners with parents to support each child's development, and prepare him/her for sustained academic achievement and community engagement.

- **Adult Literacy**

Centro helps adult learners who have not graduated from primary or secondary school, earn their diplomas in the Spanish language. Program partners with the Mexican Consulate, the Institute of Mexicans in the Exterior, CONEVyT and EDUCAMEXUS.

- **Computer Literacy**

Program instructs teens and adults in basic computer skills.

- **Youth Development programs – Raices –**

Programs provide a broad range of holistic out-of-school programs to Latino youth with the goal of helping them to achieve academic, social, and economic success.

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – THE ORGANIZATION (cont.)

- **Raices After – School Program**

Raices program is a partnership between Centro and Minnesota Department of Health – Eliminating Health Disparities Initiative. The program curriculum integrates cultural values with organized activities to promote academic success. Focuses include problem solving strategies, conflict resolution, leadership skills, and teen pregnancy prevention.
- **Raices In – School Program**

Centro partners with the Minneapolis Public School District to consult with schools that would like to participate in the “Raices on School Program”. Raices staff meets with school staff to develop activities based on the needs and interests of Latino students. From these discussions, a set of topics and activities are constructed. Students and staff meet once a week to develop solutions to the challenges that are faced in the school, home, and in the community.
- **Family Nights**

Teens and parents meet weekly for organized activities to promote communication and family interaction.
- **Be@School Program**

Centro partners with Hennepin County and the Minneapolis Office of Student Attendance encouraging students, families, and schools to build a strong network of support to promote academic success with increase in student attendance,

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – THE ORGANIZATION (cont.)

○ **Padres Informados/Jovenes Preparados**

Focused on preventing the use of tobacco and other substance abuse among Latino youth by engaging families in culturally and linguistically appropriate family skills training.

Health and Wellness

Centro offers a diverse range of wellness programs that provide a continuum of care in a culturally affirming environment that nourishes the heart, mind, body, and spirit. Mental health staff promotes emotional well-being of the Latino community through Spanish language prevention and intervention mental health treatment. Treatment includes childhood trauma, couples counseling, adjustment disorders, depression, parenting, child behavior and discipline.

● **Maternal and Child Health Programs**

Programs provide culturally appropriate parenting and health resources to mothers in the Latino community. Programs include pre-natal education, access to medical assistance and infant development classes.

● **Seniors Program**

Program has organized day long recreational, health and educational activities. The group encourages physical and emotional health by providing various physical and social activities such as: Chronic Disease Self-Management, Arthritis Exercise Program, Tai-Chi, Diabetes Prevention, Theater, Arts and Crafts, Fieldtrips, and Case Management.

● **Emergency Latino Food Shelf**

Centro provides Latino-specific emergency staple foods (rice, beans, sugar, and vegetable oil) for families of all backgrounds and cultures across the Twin Cities metro area.

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization were prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Equipment and Depreciation

Buildings and equipment costing more than \$500 are recorded at cost or in the case of contributed property at the fair market value at the date of contribution. Depreciation is computed using the straight-line method over estimated useful lives of five years for equipment and seven to forty years for buildings and leasehold improvements. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred. Depreciation expense for the years ended December 31, 2013 and 2012 was \$41,163 and \$36,206, respectively.

Income Taxes

Centro Cultural Chicano, is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The State of Minnesota accepts this classification.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In accordance with GAAP for non-profit organizations, the Organization adopted the accounting policy of recognizing in unrestricted support, donor-restricted contributions whose restrictions are met in the same reporting period.

Donated Services and Materials

In accordance with GAAP for non-profit organizations, contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Functional Allocation of Expenses

The costs of providing programs and services have been summarized on a functional basis. Accordingly, certain costs have been allocated between program and the supporting services benefited.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allowance for 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.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets arise from either a program restriction or a time restriction established by the donor. Temporarily Restricted Net Assets consist of the following at December 31:

	2013	2012
Cash	\$ 143,048	\$ 36,039
Grants Receivable - Program Restrictions	43,020	110,473
Total Temporarily Restricted Net Assets	<u>\$ 186,068</u>	<u>\$ 146,512</u>

NOTE 4 – PERMANENTLY RESTRICTED NET ASSETS

Permanently Restricted Net Assets arise from investments in perpetuity, in which only the income is expendable to support a donor intended purpose. At December 31, 2013 and 2012, the Organization did not have any Permanently Restricted Net Assets.

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 5 – LINE OF CREDIT

The Organization has arrangements for a \$237,500 line of credit with a local bank. Interest is equal to an annual rate of 2.0% over the Bloomberg prime rate. The Bloomberg prime rate at December 31, 2013 was 3.25%. The note is secured by substantially all assets of the Organization. At December 31, 2013 and 2012 there was no outstanding balance on this line of credit.

NOTE 6 – LONG-TERM DEBT

At December 31, 2013 and 2012 Long-term Debt consisted of the following:

	<u>2013</u>	<u>2012</u>
Hennepin County, Chemical Dependency Cost Reimbursement grants of the 1993 through 1995 grant periods provided for reimbursements in excess of costs. Monthly payments of \$200 without interest.	<u>\$ 22,184</u>	<u>\$ 24,584</u>
Total Long-term Debt	22,184	24,584
Less: Current Maturities	<u>(22,184)</u>	<u>(24,584)</u>
Net Long-term Debt	<u>\$ -</u>	<u>\$ -</u>

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 7 – DONATED EQUIPMENT AND SERVICES

The Organization received donated personal services from a variety of unpaid volunteers who assist the Organization in providing program services. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under US GAAP have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time immeasurably enhancing the services provided to program participants.

The Organization received services valued at \$2,858 and \$8,935 during the years ended December 31, 2013 and 2012, respectively.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

During 2013 and 2012, the Organization received a substantial portion of its public support to carry on its program activities from the United Way.

The Organization maintains checking accounts in one bank. Cash in this account may at times exceed \$250,000. The checking accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE 9 – LEASING ARRANGEMENTS

The Organization has leasing arrangements with one tenant at \$3,080 per month that self-renew on an annual basis. Rental income collected on all leasing arrangements for the years ended December 31, 2013 and 2012 was \$36,960 and \$33,880, respectively.

NOTE 10 – ART COLLECTION

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

**CENTRO CULTURAL CHICANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 11 – DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through March 27, 2014, the date the financial statements were available to be issued.

NICHOLAS ROMER, CPA, ATP, ATTY • DERF BISTODEAU, CPA (1957-2010) • KAREN COON, CPA
CRAIG FORSBERG, CPA • ANN VIVIANO, CPA

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Centro Cultural Chicano
Minneapolis, MN

We have audited the financial statements of Centro Cultural Chicano as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated March 27, 2014, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Romer & Company, PC

Romer & Company, PC
Minneapolis, MN
March 27, 2014

**CENTRO CULTURAL CHICANO
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013				2012			
	Program Services	Management and General	Fundraising	TOTAL	Program Services	Management and General	Fundraising	TOTAL
Salaries	\$ 682,371	\$ 103,588	\$ 14,566	\$ 800,525	\$ 759,959	\$ 115,353	\$ -	\$ 875,312
Payroll Taxes and Benefits	109,569	29,149	327	139,045	120,465	14,028	-	134,493
TOTAL PERSONNEL EXPENSE	791,940	132,737	14,893	939,570	880,424	129,381	-	1,009,805
Advertising	100	-	-	100	-	-	-	-
Equipment Rental and Maintenance	9,455	-	-	9,455	8,996	-	-	8,996
Food and Beverage	86,381	540	-	86,921	84,767	-	-	84,767
Insurance	10,789	2,268	-	13,057	19,317	-	-	19,317
Miscellaneous	4,972	1,893	300	7,165	2,406	2,251	106	4,763
Occupancy	121,859	-	-	121,859	91,801	1,848	-	93,649
Postage and Shipping	510	29	204	743	282	182	163	627
Printing and Publication	594	247	-	841	1,487	146	260	1,893
Professional Services	144,815	13,575	16,708	175,098	110,592	-	30,917	141,509
Software and Small Equipment	6,560	60	4,174	10,794	6,310	-	7,179	13,489
Supplies	27,241	263	-	27,504	36,910	-	-	36,910
Telephone	7,074	-	-	7,074	14,970	265	-	15,235
Training, Conferences and Travel	37,942	-	-	37,942	23,607	1,001	-	24,608
Depreciation	41,163	-	-	41,163	36,206	-	-	36,206
TOTAL EXPENSES	\$ 1,291,395	\$ 151,612	\$ 36,279	\$ 1,479,286	\$ 1,318,075	\$ 135,074	\$ 38,625	\$ 1,491,774