

CENTRO TYRONE GUZMAN

Minneapolis, MN

Financial Statements
For the Years Ended
December 31, 2014 and 2013

ROMER & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

CENTRO TYRONE GUZMAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Centro Tyrone Guzman
Minneapolis, MN

We have audited the accompanying financial statements of Centro Tyrone Guzman, (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 Tyrone Guzman as of December 31, 2014 and 2013, 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 19, 2015

CENTRO TYRONE GUZMAN
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 162,389	\$ 198,108
Grants Receivable	205,530	142,675
Accounts Receivable	4,556	14,833
Prepaid Expenses	558	1,941
Total Current Assets	373,033	357,557
<i>Noncurrent Assets</i>		
Land	104,000	104,000
Buildings and Improvements	721,077	660,141
Furniture and Equipment	318,354	288,317
Less: Accumulated Depreciation	(545,075)	(504,718)
Total Noncurrent Assets	598,356	547,740
TOTAL ASSETS	\$ 971,389	\$ 905,297
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	\$ 21,082	\$ 9,628
Current Portion of Long-term Debt	19,784	22,184
Deferred Revenue	-	11,830
Accrued Expenses	53,702	45,445
Total Current Liabilities	94,568	89,087
<i>Noncurrent Liabilities</i>		
Long-term Debt	19,784	22,184
Less: Current Portion	(19,784)	(22,184)
Total Noncurrent Liabilities	-	-
TOTAL LIABILITIES	94,568	89,087
NET ASSETS		
Unrestricted	702,209	630,142
Temporarily Restricted	174,612	186,068
Permanently Restricted	-	-
TOTAL NET ASSETS	876,821	816,210
TOTAL LIABILITIES AND NET ASSETS	\$ 971,389	\$ 905,297

**CENTRO TYRONE GUZMAN
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
SUPPORT AND REVENUE								
Grants	\$ 707,412	\$ 174,612	\$ -	\$ 882,024	\$ 697,200	\$ 146,068	\$ -	\$ 843,268
Contributions	16,680	-	-	16,680	61,503	-	-	61,503
Rental Income	19,730	-	-	19,730	36,960	-	-	36,960
In-kind	9,312	-	-	9,312	2,858	-	-	2,858
Interest	126	-	-	126	52	-	-	52
Program Service Fees	96,314	-	-	96,314	84,030	-	-	84,030
United Way	461,470	-	-	461,470	466,245	-	-	466,245
	1,311,044	174,612	-	1,485,656	1,348,848	146,068	-	1,494,916
NET ASSETS RELEASED FROM RESTRICTIONS	186,068	(186,068)	-	-	106,512	(106,512)	-	-
TOTAL SUPPORT AND REVENUE	1,497,112	(11,456)	-	1,485,656	1,455,360	39,556	-	1,494,916
EXPENSES								
Program Services	1,281,181	-	-	1,281,181	1,291,395	-	-	1,291,395
Management and General	110,358	-	-	110,358	151,612	-	-	151,612
Fundraising	33,506	-	-	33,506	36,279	-	-	36,279
TOTAL EXPENSES	1,425,045	-	-	1,425,045	1,479,286	-	-	1,479,286
CHANGE IN NET ASSETS	72,067	(11,456)	-	60,611	(23,926)	39,556	-	15,630
NET ASSETS AT BEGINNING OF YEAR	630,142	186,068	-	816,210	654,068	146,512	-	800,580
NET ASSETS AT END OF YEAR	<u>\$ 702,209</u>	<u>\$ 174,612</u>	<u>\$ -</u>	<u>\$ 876,821</u>	<u>\$ 630,142</u>	<u>\$ 186,068</u>	<u>\$ -</u>	<u>\$ 816,210</u>

**CENTRO TYRONE GUZMAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	<u>\$ 60,611</u>	<u>\$ 15,630</u>
Adjustments to Reconcile to Net Cash Provided/(Used) by Operating Activities:		
Depreciation and Amortization	40,357	41,163
(Increase)/Decrease in Current Assets:		
Grants Receivable	(62,855)	(32,202)
Accounts Receivable	10,277	(6,925)
Prepaid Expenses	1,383	10,355
Increase/(Decrease) in Current Liabilities:		
Accounts Payable	11,454	(18,646)
Accrued Expenses	8,257	1,271
Deferred Revenue	<u>(11,830)</u>	<u>8,750</u>
Total Adjustments	<u>(2,957)</u>	<u>3,766</u>
Net Cash Provided/(Used) by Operating Activities	<u>57,654</u>	<u>19,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Furniture, Equipment and Improvements	<u>(90,973)</u>	<u>(9,785)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(90,973)</u>	<u>(9,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of Long-term Debt	<u>(2,400)</u>	<u>(2,400)</u>
Net Cash Provided/(Used) by Financing Activities	<u>(2,400)</u>	<u>(2,400)</u>
NET INCREASE/(DECREASE) IN CASH	(35,719)	7,211
CASH AT BEGINNING OF YEAR	<u>198,108</u>	<u>190,897</u>
CASH AT END OF YEAR	<u><u>\$ 162,389</u></u>	<u><u>\$ 198,108</u></u>
SUPPLEMENTAL INFORMATION:		
Services Acquired through Donations	\$ 9,312	\$ 2,858

**CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 1 – THE ORGANIZATION

Centro Tyrone Guzman, also informally 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 5 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 TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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**

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 TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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 TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 couples counseling, adjustment disorders and depression.

● **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.

● **Wise Elders 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 TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013 was \$40,357 and \$41,163, respectively.

Income Taxes

Centro Tyrone Guzman, 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 TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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:

	<u>2014</u>	<u>2013</u>
Cash	\$ 69,076	\$ 143,048
Grants Receivable - Program Restrictions	<u>105,536</u>	<u>43,020</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 174,612</u></u>	<u><u>\$ 186,068</u></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, 2014 and 2013, the Organization did not have any Permanently Restricted Net Assets.

**CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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, 2014 was 3.25%. The note is secured by substantially all assets of the Organization. At December 31, 2014 and 2013 there was no outstanding balance on this line of credit.

NOTE 6 – LONG-TERM DEBT

At December 31, 2014 and 2013 Long-term Debt consisted of the following:

	<u>2014</u>	<u>2013</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>\$ 19,784</u>	<u>\$ 22,184</u>
Total Long-term Debt	19,784	22,184
Less: Current Maturities	<u>(19,784)</u>	<u>(22,184)</u>
Net Long-term Debt	<u>\$ _____</u>	<u>\$ _____</u>

CENTRO TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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 \$9,312 and \$2,858 during the years ended December 31, 2014 and 2013, respectively.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

During 2014 and 2013, 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 had leasing arrangements with one tenant at \$3,080 per month that terminated on September 30, 2014. Rental income collected on all leasing arrangements for the years ended December 31, 2014 and 2013 was \$19,730 and \$36,960, 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 TYRONE GUZMAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 11 – DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through March 19, 2015, the date the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Centro Tyrone Guzman
Minneapolis, MN

We have audited the financial statements of Centro Tyrone Guzman as of and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated March 19, 2015, 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 19, 2015

**CENTRO TYRONE GUZMAN
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014				2013			
	Program Services	Management and General	Fundraising	TOTAL	Program Services	Management and General	Fundraising	TOTAL
Salaries	\$ 712,456	\$ 98,351	\$ 4,794	\$ 815,601	\$ 682,371	\$ 103,588	\$ 14,566	\$ 800,525
Payroll Taxes and Benefits	138,346	8,137	-	146,483	109,569	29,149	327	139,045
TOTAL PERSONNEL EXPENSE	850,802	106,488	4,794	962,084	791,940	132,737	14,893	939,570
Advertising	-	150	-	150	100	-	-	100
Equipment Rental and Maintenance	9,764	-	-	9,764	9,455	-	-	9,455
Food and Beverage	81,498	-	-	81,498	86,381	540	-	86,921
Insurance	17,546	-	-	17,546	10,789	2,268	-	13,057
Miscellaneous	5,655	1,251	-	6,906	4,972	1,893	300	7,165
Occupancy	116,647	-	-	116,647	121,859	-	-	121,859
Postage and Shipping	838	-	170	1,008	510	29	204	743
Printing and Publication	1,543	554	-	2,097	594	247	-	841
Professional Services	84,306	1,350	26,754	112,410	144,815	13,575	16,708	175,098
Software and Small Equipment	5,820	221	1,217	7,258	6,560	60	4,174	10,794
Supplies	22,345	146	478	22,969	27,241	263	-	27,504
Telephone	8,207	-	-	8,207	7,074	-	-	7,074
Training, Conferences and Travel	35,853	198	93	36,144	37,942	-	-	37,942
Depreciation	40,357	-	-	40,357	41,163	-	-	41,163
TOTAL EXPENSES	\$ 1,281,181	\$ 110,358	\$ 33,506	\$ 1,425,045	\$ 1,291,395	\$ 151,612	\$ 36,279	\$ 1,479,286