

ADELANTE MUJERES
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

ADELANTE MUJERES
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3-4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 -15



BOTTAINI, GALLUCCI & O'HANLON, P.C.

ACCOUNTANTS & CONSULTANTS

1500 NE Irving St., Suite 440
Portland, OR 97232-4208

PHONE: (503) 233-1133

FAX: (503) 233-0427

e-mail: info@bgocpas.com

Home Page: www.bgocpas.com

Independent Auditors' Report

To the Board of Directors
Adelante Mujeres
Forest Grove, Oregon

We have audited the accompanying financial statements of Adelante Mujeres (a non-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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.





BOTTAINI, GALLUCCI & O'HANLON, P.C.

ACCOUNTANTS & CONSULTANTS

1500 NE Irving St., Suite 440
Portland, OR 97232-4208

PHONE: (503) 233-1133

FAX: (503) 233-0427

e-mail: info@bgocpas.com
Home Page: www.bgocpas.com

Independent Auditors' Report

(continued)

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 Adelante Mujeres as of June 30, 2014, 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.

Bottaini Gallucci & O'Hanlon P.C.

Bottaini, Gallucci & O'Hanlon, P.C.
Portland, Oregon
January 16, 2015

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

ASSETS

Current assets	
Cash and cash equivalents	\$ 238,802
Cash - student loans savings	3,249
Cash - memorial funds	149
Grants receivable - current portion	575,034
Accounts receivable	7,852
Contracts receivable	5,000
Contributions receivable	608
Prepaid expenses	13,258
Total current assets	<u>843,952</u>
Property and equipment	
Equipment	43,296
Leasehold improvements	8,176
	<u>51,472</u>
Less accumulated depreciation	<u>28,582</u>
Net property and equipment	<u>22,890</u>
Other assets	
Grants receivable - long term	124,754
Restricted cash and cash equivalents	25,000
Deposit - Oregon Employment Department	12,811
Rental deposit	2,420
Total other assets	<u>164,985</u>
Total assets	<u>\$ 1,031,827</u>

See Accompanying Notes and Independent Auditors' Report.

STATEMENT OF FINANCIAL POSITION
(continued)

JUNE 30, 2014

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 20,535
Accrued vacation	36,319
Student loan savings liability	3,249
Deposits	1,000
Pension payable	195
Payroll liabilities	150
Memorial funds	149
	<hr/>
Total current liabilities	61,597
	<hr/>
Net assets	
Unrestricted net assets	
Unrestricted net assets	64,729
Board designated unrestricted net assets for capital purchase	693
	<hr/>
Total unrestricted net assets	65,422
	<hr/>
Temporarily restricted net assets	904,808
	<hr/>
Total net assets	970,230
	<hr/>
Total liabilities and net assets	<u>\$ 1,031,827</u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Contributions			
Foundation grants		\$ 390,817	\$ 390,817
Individual and corporate contributions	\$ 87,793		87,793
Government financial assistance		395,954	395,954
Event income			
Contributions	55,333		55,333
In-kind contributions	1,540		1,540
Special events revenue	1,050		1,050
Program service fees and sales income	48,943		48,943
In-kind contributions	14,650		14,650
Stock donations	4,426		4,426
Health care credit income	3,815		3,815
Reimbursed expenses	2,550		2,550
Interest	840		840
Gain on sale of assets	167		167
Capital gain income	20		20
Restrictions satisfied by payments	937,783	(937,783)	
Total revenues, gains and other support	1,158,910	(151,012)	1,007,898
Expenses			
Program services			
Small Business	383,457		383,457
Adelante Chicas	278,710		278,710
Adult Education	171,865		171,865
Early Childhood Education	154,500		154,500
Farmers Market	57,697		57,697
Total program service expenses	1,046,229		1,046,229
Supporting services			
Fundraising	128,509		128,509
Management and general	85,122		85,122
Total supporting services	213,631		213,631
Total expenses	1,259,860		1,259,860
Change in net assets	(100,950)	(151,012)	(251,962)
Net assets, beginning of the year	166,372	1,055,820	1,222,192
Net assets, end of the year	\$ 65,422	\$ 904,808	\$ 970,230

See Accompanying Notes and Independent Auditors' Report.

ADELANTE MUJERES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Program Services						Supporting Services			Total
	Small Business	Adelante Chicas	Adult Education	Early Childhood Education	Farmers Market	Total Program Services	Management and General	Fundraising	Supporting Services	
Payroll wages	\$ 215,212	\$ 176,473	\$ 126,360	\$ 96,696	\$ 29,529	\$ 644,270	\$ 47,946	\$ 55,288	\$ 103,234	\$ 747,504
Contracted services	59,123	5,891	4,894	5,901	8,174	83,983	3,959	28,559	32,518	116,501
Employee benefits	22,489	26,220	10,036	18,841	3,712	81,298	6,080	6,876	12,956	94,254
Payroll tax	15,722	15,436	7,718	8,576	3,430	50,882	3,144	3,145	6,289	57,171
Supplies	7,092	9,816	4,704	3,431	3,465	28,508	8,354	3,947	12,301	40,809
Rent	17,748	8,921	3,711	5,708	1,649	37,737	1,512	1,512	3,024	40,761
Accounting	10,246	10,060	5,030	5,589	2,236	33,161	2,049	2,049	4,098	37,259
Contracted services - grant writer	2,805	2,754	1,377	1,530	612	9,078	561	10,761	11,322	20,400
Travel and meals	11,519	2,721	534	99	110	14,983	112	128	240	15,223
Depreciation	2,814	2,762	1,381	1,535	614	9,106	562	563	1,125	10,231
Event rental and entertainment	83	81	40	45	18	267	16	8,701	8,717	8,984
Training	1,461	377	250	436	135	2,659	4,365	114	4,479	7,138
Insurance	1,646	1,789	808	898	768	5,909	329	329	658	6,567
Fees	2,649	129	65	72	507	3,422	265	2,492	2,757	6,179
Telephone	1,509	1,531	740	873	329	4,982	482	542	1,024	6,006
Utilities	1,513	1,437	718	798	320	4,786	293	291	584	5,370
Workers compensation	1,473	1,446	723	804	321	4,767	295	295	590	5,357
Food	1,265	2,922	373	281	113	4,954	142	199	341	5,295
Printing	1,180	1,087	544	604	242	3,657	222	1,048	1,270	4,927
Dues and subscriptions	1,989	1,118	373	414	296	4,190	202	177	379	4,569
Field trips	300	3,364	299			3,963				3,963
Cleaning service	869	853	427	474	189	2,812	174	174	348	3,160
Postage	567	557	278	309	135	1,846	113	453	566	2,412
Legal							2,400		2,400	2,400
Payroll service	566	555	278	308	123	1,830	113	113	226	2,056
Advertising	647	83	41	46	149	966	17	687	704	1,670
Internet	282	277	138	154	196	1,047	56	56	112	1,159
Miscellaneous							780		780	780
Rental services	539					539				539
Bank fees	98				314	412	119		119	531
Donations				50		50	450		450	500
Repairs and maintenance			25	28	11	165	10	10	20	185
Total	\$ 383,457	\$ 278,710	\$ 171,865	\$ 154,500	\$ 57,697	\$ 1,046,229	\$ 85,122	\$ 128,509	\$ 213,631	\$ 1,259,860

See Accompanying Notes and Independent Auditors' Report.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

Cash flows from operating activities	
Change in net assets	\$ (251,962)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operations	
Depreciation	10,231
Gain on sale of assets	(167)
(Increase) decrease in operating assets	
Grants receivable	291,885
Accounts receivable	(6,855)
Contracts receivable	359
Contributions receivable	(608)
Prepaid expenses	(9,455)
Deposit - Oregon Employment Department	(1,967)
Rental deposit	(2,420)
Employee advances	884
Increase (decrease) in operating liabilities	
Accounts payable	10,344
Accrued vacation	6,217
Student loan savings liability	690
Deposits	185
Pension payable	(3,953)
Payroll liabilities	(420)
Memorial funds	149
Unspent token match liability	(6,196)
Net cash provided (used) by operating activities	<u>36,941</u>
Cash flows from investing activities	
Proceeds from the sale of property and equipment	500
Purchase of property and equipment	<u>(12,585)</u>
Net cash provided (used) by investing activities	<u>(12,085)</u>
Increase in cash	24,856
Cash and cash equivalents at beginning of year	<u>217,344</u>
Cash and cash equivalents at end of year	<u><u>\$ 242,200</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	<u><u>\$</u></u>
Cash paid during the year for taxes	<u><u>\$</u></u>

See Accompanying Notes and Independent Auditors' Report.

ADELANTE MUJERES**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2014****Note 1 – Nature of Activities and Summary of Significant Accounting Policies**Nature of Activities

Adelante Mujeres (the Organization), a 501(c)(3) has a mission to provide Latina women and their families in Washington County of Oregon the tools to achieve self-determination through education, empowerment and enterprise. The Organization was established in 2002. The Organization's four specific program goals are to: (1) increase opportunities for family and community self-determination through holistic education, workforce and entrepreneurial training and family literacy; (2) build community through leadership development and the search for solutions to common concerns; (3) preserve, foster and share participants' cultural heritage with the wider community and facilitate intercultural exchange; and (4) advocate ecological awareness and action for a sustainable economy and healthy communities. The Organization runs the Forest Grove Farmers Market in support of their economic development and sustainable farming goals. The Organization is supported primarily through private and government grants. These sources accounted for 78% of the total revenues for the year ended June 30, 2014.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. Revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence and/or nature of any donor restrictions. These net assets classifications are described as follows:

Unrestricted Net Assets – not subject to donor imposed restrictions or stipulations as to purpose or use. Unrestricted net assets may be designated for specific purposes or locations by actions of the Board of Directors.

Temporarily Restricted Net Assets – subject to donor imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor organizations.

Permanently Restricted Net Assets – subject to donor imposed stipulations that they be maintained permanently, with only the earnings thereon being available to use currently for defined purposes.

See Independent Auditors' Report.

ADELANTE MUJERES**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2014****Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)**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.

Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Management believes that none of its activities are subject to unrelated business income tax.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and money market funds deposited with two financial institutions. For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Cash Held for Student Loan Savings and Memorial Funds

The Organization has three bank accounts, one that is held for student loans savings and two for memorial funds. The Organization teaches a financial literacy class and the student savings plan is part of this class. By an agreement with the students, interest on this bank account is to be transferred to the Organization. Two hardship accounts were created to receive pass-through donations for two citizens following a tragic accident they were in.

Receivables

Receivable are stated at the amount management expects to collect. Grants receivable consists of amounts awarded but not yet paid. All long term grants receivable are due to be collected within the next three fiscal years. When the Organization invoices for services performed for government contracts for services provided, contracts receivable are recorded at net realizable value. Accounts receivable consists of amounts due to the Organization for employee's insurance, food purchases from the Farmers Market, program fees and sales, reimbursed income, distributor loans and a refund for rent paid. Management provides for uncollectible amounts based on its assessment of the status of individual accounts. Delinquency fees and interest are not assessed.

See Independent Auditors' Report.

ADELANTE MUJERES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

Note 1–Nature of Activities and Summary of Significant Accounting Policies (continued)Receivables (continued)

Receivables are periodically reviewed for collectability and balances that are still outstanding after management has used reasonable collection efforts are written off. In addition, an allowance is provided for other accounts when a significant pattern of uncollectability has occurred. Management has not experienced any collectability issues in the past. Management believes that all receivable balances are fully collectible at June 30, 2014 and therefore, a provision for uncollectible accounts has not been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

All contracts and accounts receivable are considered to be current with the exception of \$500 in accounts receivable that is over 90 days past due.

Recognition of Revenue from Contributions and Grants

Contributions and grants are recognized when awarded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. The value of in-kind donations is recorded at an estimated fair market value, as determined by management, at the time of receipt.

When a restriction expires through accomplishment of purpose or passage of time, the restricted net assets are reclassified to unrestricted and reported in the Statement of Activities and Changes in Net Assets as restrictions satisfied by payments.

Property and Equipment

It is the Organization's policy to capitalize property and equipment with a value over \$1,000 with useful lives of more than one year. Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

ADELANTE MUJERES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Absent donor stipulations regarding how long the donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2014 was \$10,231. Repairs and maintenance of assets not extending the asset's useful life are expensed as incurred. The cost of significant betterments are capitalized and amortized over the useful life of the asset.

Accrued Vacation

Regular full-time and part-time employees accrue vacation from their hire date. Part-time employees earn vacation on a pro-rata basis based on the number of hours worked. Full-time employees earn vacation as follows:

3 months to 5 years	20 days per fiscal year
Over 5 years	25 days per fiscal year

Forty hours of vacation time earned and unused each year can be carried forward to the next year. For full time employees who have worked less than five years with the Organization, the maximum amount that can be accrued is two hundred hours of vacation time. For those who have worked five years or more, the maximum amount that can be accrued is two hundred and forty hours of vacation time. As of June 30, 2014, the accrued vacation balance was \$36,319.

Pension Plan

The Organization no longer offers a pension plan but employees may make contributions to their own individual pension plan via deductions from their paychecks.

Contributed Services

During the year ended June 30, 2014, the organization received contributed professional services totaling \$11,700 for legal services, logo design and consulting which are recognized in the financial statements. The Organization also received donated goods totaling \$4,490. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the office and within the program activities, but these services do not meet the criteria for recognition as contributed services. The Organization had 320 volunteers during the year contributing 5,742 hours.

See Independent Auditors' Report.

ADELANTE MUJERES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as they are incurred. Advertising expense for the year ended June 30, 2014 was \$1,670.

Note 2 – Concentration of Credit Risk

The Organization maintains cash balances in financial institutions located in the Portland Metropolitan area, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization periodically hold funds in a PayPal account that is not insured. At June 30, 2014, the amount in excess of FDIC limits was for funds held in the PayPal account of \$4,119.

Note 3 – Property and Equipment

Property and equipment consist of the following as of June 30, 2014:

	<u>Cost</u>	<u>Depreciable Lives</u>
Equipment	\$ 43,296	5 - 7 years
Leasehold improvements	8,176	3 years
Accumulated depreciation	<u>(28,582)</u>	
	<u>\$ 22,890</u>	

Note 4 – Restrictions on Net Assets

The Organization received \$25,000 from a donor specifying the amount to be used for capital investment for future purchase of a building. This amount is recorded separately in temporarily restricted net assets.

The other restrictions on net assets for the year ended June 30, 2014 are related to grant restrictions placed on the funds for use by the donors.

ADELANTE MUJERES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

Note 4 – Restrictions on Net Assets (continued)

Temporarily restricted net assets are available for the following program purposes at June 30, 2014:

Small Business – Agriculture	\$ 259,575
Adelante Chicas	229,255
Small Business	101,176
Fundraising Grants	71,713
Administration Grants	70,892
Adelante Education	69,690
Early Childhood	46,912
Farmers Market	26,056
Shared Grants	<u>4,539</u>
	879,808
Temporarily restricted capital fund	<u>25,000</u>
Total temporarily restricted net assets	<u>\$ 904,808</u>

The Organization did not have any permanently restricted net assets as of June 30, 2014.

The Board voted to restrict \$693 net assets for capital purchases. This amount is separately disclosed under unrestricted net assets.

Note 5 – Events

The Organization holds an annual Fiesta of Hope event where they hold a raffle, auction and dinner. The revenues generated are from ticket sales, funds from purchases of auctioned non-cash donated items and donations solicited during the event. The Organization also received in-kind donations for beer and wine for the Fiesta of Hope totaling \$1,540.

During the fiscal year ended June 30, 2014, the events generated \$57,923 in total income with \$15,756 of event related expenses. The Organization had ticket sales revenue in the amount of \$1,050. Donations and sponsorships in the amount of \$55,333 including auction proceeds of \$14,560 were raised during the event.

See Independent Auditors' Report.

ADELANTE MUJERES**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2014****Note 6 – Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The percentage allocations for these costs were based on full-time employee hours out of the total employee hours dedicated to each program or support service.

Note 7 – Description of Leasing Arrangements

In September 2013, the Organization entered into two non-cancellable 36-month operating leases for new office space, including property taxes, insurance and utilities as additional rent. The terms of the leases are from November 1, 2013 through October 31, 2016. The combined monthly rental payments for both leases are \$2,420. The Organization opted to pay a full year's rent at a 10% discount in the June 30, 2014 fiscal year making the monthly rent payment \$2,178. The Organization does have the option to extend both leases for one additional term of three years under the same terms except for an increase of the base rent. Rent expense under the lease for the year ended June 30, 2014 was \$17,424 and is included in rent in the Statement of Functional Expenses.

The Organization leases the schoolrooms and childcare space payable with quarterly payments of \$2,376 on a one-year lease, which expired on June 9, 2014. In May 2014, the lease was amended to a month-to-month lease effective on June 1, 2014 with monthly lease payments of \$800. Rent expense under the lease for the year ended June 30, 2014 was \$7,928 and is included in rent in the Statement of Functional Expenses.

The Organization also rented farm land for \$2,050 payable annually. The lease term was five years that expired on December 31, 2014 and was not renewed. Rent expense under the lease for the year ended June 30, 2014 was \$2,050 and is included in rent in the Statement of Functional Expenses.

The Organization paid rent for office space it previously leased for its main office on a month-to-month basis for \$800 until they vacated the office in November 2014. Rent expense under the lease for the year ended June 30, 2014 was \$3,600 and is included in rent in the Statement of Functional Expenses.

ADELANTE MUJERES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

Note 7 – Description of Leasing Arrangements (continued)

The Organization rents kitchen facilities and space on an as needed basis that is not covered under an operating lease as well as a parking for its main office. Total rent paid for the year ended June 30, 2014 was \$8,634 and is included in rent in the Statement of Functional Expenses.

The minimum lease payments are as follows:

Year ending June 30,	
2015	\$28,072
2016	29,040
2017	<u>9,680</u>
Total minimum lease payments	<u>\$66,792</u>

Note 8 – Subsequent Events

Management has evaluated subsequent events through January 16, 2015 the date on which the financial statements were available to be issued. Except as disclosed in Note 7, management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

Note 9 – Uncertain Tax Positions

The Organization's federal and Oregon state information returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those information returns. In general, the federal and state information returns have a three year statute of limitations. The Organization files as a tax-exempt organization. Should that status be challenged in the future, the Organizations 2012, 2011 and 2010 tax years are open for examination. The Organization would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provision.