

**ADELANTE MUJERES**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**



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

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**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, 2016, 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.

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



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**Independent Auditors' Report**

(continued)

**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, 2016, 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  
November 3, 2016

## ADELANTE MUJERES

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

ASSETS

Current assets	
Cash and cash equivalents	\$ 179,876
Cash - student loans savings	2,613
Grants receivable - current portion	523,985
Contracts receivable	14,074
Accounts receivable	3,914
Contributions receivable	3,000
Prepaid expenses	10,058
Total current assets	<u>737,520</u>
Property and equipment	
Equipment	34,904
Leasehold improvements	8,176
	<u>43,080</u>
Less accumulated depreciation	33,100
Net property and equipment	<u>9,980</u>
Other assets	
Grants receivable - long term	289,211
Restricted cash and cash equivalents	25,000
Deposit - Oregon Employment Department	19,993
Rental deposits	4,237
Prepaid tokens	433
Total other assets	<u>338,874</u>
Total assets	<u>\$ 1,086,374</u>

See Accompanying Notes and Independent Auditors' Report.



## ADELANTE MUJERES

STATEMENT OF FINANCIAL POSITION  
(continued)

JUNE 30, 2016

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 39,552
Accrued vacation	69,219
Credit cards payable	2,732
Student loan savings liability	2,589
Deposits	925
Payroll liabilities	41
	<hr/>
Total current liabilities	115,058
	<hr/>
Net assets	
Unrestricted net assets	
Unrestricted net assets	159,470
Board designated unrestricted net assets for capital purchase	893
	<hr/>
Total unrestricted net assets	160,363
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Temporarily restricted net assets	810,953
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Total net assets	971,316
	<hr/>
Total liabilities and net assets	\$ 1,086,374
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See Accompanying Notes and Independent Auditors' Report.

## ADELENTE MUJERES

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Contributions			
Foundation grants		\$ 1,083,994	\$ 1,083,994
Individual and corporate contributions	\$ 129,762		129,762
Government financial assistance		591,573	591,573
Contract income	287,893		287,893
Event income			
Contributions	95,239		95,239
Special events revenue	38,745		38,745
Program service fees	76,806		76,806
Sales income			
Sales	42,582		42,582
Cost of sales	(36,151)		(36,151)
In-kind contributions	18,979		18,979
Reimbursed expenses	8,101		8,101
SAIF dividend	1,918		1,918
Interest	724		724
Loss on disposal of asset	(375)		(375)
Net assets released by restrictions	1,427,914	(1,427,914)	
Total revenues, gains and other support	2,092,137	247,653	2,339,790
Expenses			
Program services			
Small Business	483,565		483,565
Adelante Chicas	422,105		422,105
Early Childhood Education	412,568		412,568
Adult Education/ESPERE	275,868		275,868
Farmers Market	158,621		158,621
Total program service expenses	1,752,727		1,752,727
Supporting services			
Fundraising	181,052		181,052
Management and general	124,551		124,551
Total supporting services	305,603		305,603
Total expenses	2,058,330		2,058,330
Change in net assets	33,807	247,653	281,460
Net assets, beginning of the year	126,556	563,300	689,856
Net assets, end of the year	\$ 160,363	\$ 810,953	\$ 971,316

See Accompanying Notes and Independent Auditors' Report.

**ADELANTE MUJERES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

	Program Services					Supporting Services			Total	
	Small Business	Adelante Chicas	Early Childhood Education	Adult Education/ ESPERE	Farmers Market	Total Program Services	Fundraising	Management and General		Supporting Services
Payroll wages	\$ 274,869	\$ 276,787	\$ 305,789	\$ 192,163	\$ 84,163	\$ 1,133,771	\$ 68,446	\$ 63,035	\$ 131,481	\$ 1,265,252
Contracted services and professional fees	105,048	36,710	33,818	14,604	15,626	205,806	19,080	9,814	28,894	234,700
Employee benefits	23,431	23,700	24,823	9,878	10,779	92,611	9,569	17,202	26,771	119,382
Payroll tax	25,096	24,978	16,915	15,375	7,694	90,058	4,820	4,900	9,720	99,778
Rent	19,419	13,134	6,169	13,388	6,219	58,329	2,729	4,105	6,834	65,163
Program supplies	1,709	10,827	11,775	15,435	1,728	41,474	1,382	572	1,954	43,428
Event expenses	7				244	251	34,396		34,396	34,647
Travel, meetings, meals and field trips	9,957	7,752	2,543	3,817	862	24,931	1,996	1,660	3,656	28,587
Contracted services - grant writer							27,550		27,550	27,550
Office supplies	4,943	6,744	2,525	3,168	402	17,782	3,012	4,911	7,923	25,705
Incentives		1,399		215	19,989	21,603		725	725	22,328
Utilities and internet	5,553	3,496	1,468	464	2,854	13,835	1,411	3,001	4,412	18,247
Insurance	4,056	4,150	2,902	2,487	1,243	14,838	779	880	1,659	16,497
Food	571	2,978	251	2,045	107	5,952	12	1,809	1,821	7,773
Dues and subscriptions	3,373	994	493	86	840	5,786	236	1,454	1,690	7,476
Depreciation	569	821	78	1,570	171	3,209		4,161	4,161	7,370
Training	821	1,339	629	494	390	3,673		817	2,678	6,351
Printing	488	1,320	373	44	276	2,501		2,547	3,714	6,215
Advertising	109	41	162	356	2,747	3,415	847	599	1,446	4,861
Fees	533	230	1,272	123	1,586	3,744	131	911	1,042	4,786
Donations		3,625				3,625	100	555	655	4,280
Cleaning service	1,356	794	320		623	3,093	262	413	675	3,768
Postage	222	253	156	136	68	835	1,198	402	1,600	2,435
Equipment rental	1,378					1,378				1,378
Repairs and maintenance	32	33	107	20	10	202	18	7	25	227
Miscellaneous	25					25	50		50	75
Interest expense										
Total	\$ 483,565	\$ 422,105	\$ 412,568	\$ 275,868	\$ 158,621	\$ 1,752,727	\$ 181,052	\$ 124,551	\$ 305,603	\$ 2,058,330

See Accompanying Notes and Independent Auditors' Report.



**ADELANTE MUJERES**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**

Cash flows from operating activities	
Change in net assets	\$ 281,460
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operations	
Depreciation	7,370
Loss on disposal of asset	375
(Increase) decrease in operating assets	
Grants receivable	(438,868)
Contracts receivable	1,411
Accounts receivable	(2,906)
Contributions receivable	(3,000)
Prepaid expenses	(704)
Deposit - Oregon Employment Department	(3,744)
Rental deposits	(1,667)
Prepaid tokens	1,614
Increase (decrease) in operating liabilities	
Accounts payable	14,120
Accrued vacation	17,219
Credit cards payable	(2,601)
Student loan savings liability	(895)
Deposits	150
Payroll liabilities	1
	<u>1</u>
Net cash provided (used) by operating activities	<u>(130,665)</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(3,410)</u>
Net cash provided (used) by investing activities	<u>(3,410)</u>
Increase (decrease) in cash	(134,075)
Cash and cash equivalents at beginning of year	<u>316,564</u>
Cash and cash equivalents at end of year	<u>\$ 182,489</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	<u>\$ 71</u>
Cash paid during the year for taxes	<u>\$</u>

See Accompanying Notes and Independent Auditors' Report.



**ADELANTE MUJERES****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2016****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 70% of the total revenues for the year ended June 30, 2016.

Basis of Accounting

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.

Basis of Presentation

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 action 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 or by the passage of time.

## ADELANTE MUJERES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

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

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 balances 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

The Organization has a bank account that is held for student loans savings. 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 to cover administrative costs.

Receivables

Receivables are stated at the amount management expects to collect. Grants and contributions receivable consists of amounts awarded but not yet paid. All long term grants receivable are due to be collected within the next two 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 sales and distributor loans. Management provides for uncollectible amounts based on its assessment of the status of individual accounts. Delinquency fees and interest are not assessed.



## ADELANTE MUJERES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

**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 uncollectibility has occurred. Management has not experienced any collectability issues in the past. Management believes that all receivable balances are fully collectible at June 30, 2016 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 \$1,600 in contracts receivable that is 31-60 days past due.

Receivable as of June 30, 2016 are comprised of the following:

Grants receivable in less than one year	\$ 523,985
Grants receivable in one to five years	<u>289,211</u>
Total grants receivable	813,196
Contracts receivable	14,074
Accounts receivable	3,914
Contributions receivable	<u>3,000</u>
Total receivables	<u>\$ 834,184</u>

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 are 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 as unrestricted net assets and are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Property and Equipment

It is the Organization's policy to capitalize property and equipment with a value over \$1,000 and with a useful life of more than one year. Property and equipment are capitalized at cost when purchased.

See Independent Auditors' Report.

**ADELANTE MUJERES**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

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

Property and Equipment (continued)

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.

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, 2016 was \$7,370. 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, 2016, the accrued vacation balance was \$69,219.

In-kind Contributions

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets, or would have been purchased if not provided by contributions and which require specialized skills provided by individuals possessing such skills. There was no material contributed services meeting the above criteria during the year.



## ADELANTE MUJERES

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies** (continued)In-kind Contributions (continued)

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. Donations of in-kind items received by the Organization are recorded as income at the fair value of the items contributed along with a corresponding charge to expense or capitalized cost. During the year ended June 30, 2016, the Organization received the following in-kind contributions

Used furniture	\$ 9,310
Room rental	4,000
Sporting event tickets	3,625
Trailer	1,700
Google advertising	<u>344</u>
Total in-kind contributions	<u>\$ 18,979</u>

Advertising

Advertising costs are expensed as they are incurred. Advertising expense for the year ended June 30, 2016 was \$4,861.

**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, 2016, the amount in excess of FDIC limits was for funds held in the PayPal account totaling \$2,345.

**ADELANTE MUJERES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**Note 3 – Property and Equipment**

Property and equipment consist of the following as of June 30, 2016:

	<u>Cost</u>	<u>Depreciable Lives</u>
Equipment	\$ 34,904	5 - 7 years
Leasehold improvements	<u>8,176</u>	3 years
	<u>43,080</u>	
Accumulated depreciation	<u>(33,100)</u>	
	<u>\$ 9,980</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, 2016 are related to grant restrictions placed on the funds for use by the donors.

Temporarily restricted net assets are available for the following program purposes at June 30, 2016:

Adelante Education/ESPERE	\$ 237,043
Adelante Chicas	218,222
Small Business - Agriculture	154,219
Early Childhood	87,728
Small Business	56,922
Farmers Market	<u>31,819</u>
	785,953
Temporarily restricted capital fund	<u>25,000</u>
Total temporarily restricted net assets	<u>\$ 810,953</u>

The Organization did not have any permanently restricted net assets as of June 30, 2016.

The Board voted to restrict \$893 net assets for capital purchases in the prior year. This amount is separately disclosed under unrestricted net assets.



**ADELANTE MUJERES****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2016****Note 5 – Events**

The Organization holds two annual events, the Fiesta of Hope and a holiday party fundraiser 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.

During the fiscal year ended June 30, 2016, the events generated \$133,984 in total income with \$34,396 of event related expenses.

**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 were from November 1, 2013 through October 31, 2016. Subsequent to the year end, the leases were extended through January 31, 2017. 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, 2016 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. The Organization leased additional space for storage in the same building for \$120 monthly, beginning April 2014, additional office space beginning November 2015, for \$379 monthly and additional office space beginning September 1, 2015, for \$250 monthly. The total rent for these office spaces were \$36,082 for the fiscal year ended June 30, 2016.

The Organization rents kitchen space on an hourly basis to be used as needed. Rent expense for this space was \$1,843 for the fiscal year ended June 30, 2016.

## ADELANTE MUJERES

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED JUNE 30, 2016

**Note 7 – Description of Leasing Arrangements (continued)**

On May 2015, the Organization entered a leasing agreement for additional kitchen space on an hourly basis at a rate of \$25. Total rent for this space was \$1,825 for the fiscal year ended June 30, 2016.

On August 2015, the Organization entered a lease for office space for \$150 per month. Total rent for this space was \$1,500 for the fiscal year ended June 30, 2016.

The Organization rents additional meeting room and classroom space as needed. The total additional rent for these temporary needs was \$23,913 for the fiscal year ended June 30, 2016.

The only future minimum lease payments are for the year ended June 30, 2017 and the total is \$22,333.

**Note 8 – Subsequent Events**

Management has evaluated subsequent events through November 3, 2016, the date on which the financial statements were available to be issued. The Organization is in negotiations to purchase a building to be a permanent home their programs and offices in order to facilitate holding their parent and child classes together, serve the microenterprise programs, have a commercial kitchen available for their participants and have stability and room for growth and added services in the community.

The Organization has one lease renewal as described in Note 7 to 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 2014, 2013 and 2012 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.