

AVANCE – DALLAS
FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2007

**Avance - Dallas
Table of Contents
June 30, 2007**

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS.....	6



SALMON SIMS THOMAS

Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Avance - Dallas

We have audited the accompanying statement of financial position of Avance - Dallas (a nonprofit organization) as of June 30, 2007, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avance - Dallas as of June 30, 2007, the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

Dallas, Texas
August 1, 2007

Avance - Dallas
Statement of Financial Position
June 30, 2007

ASSETS

Cash	\$ 308,839
Investments	125,000
Grants receivable	111,908
Due from National, net	7,341
Property and equipment, net	<u>20,129</u>
TOTAL ASSETS	<u><u>\$ 573,217</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	<u>\$ 48,214</u>
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Net Assets

Unrestricted	502,289
Temporarily restricted	<u>22,714</u>
Total Net Assets	<u>525,003</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 573,217</u></u>
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The accompanying notes are an integral part of this financial statement.

Avance - Dallas
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support			
Government, state and local grants	\$ -	\$ 435,739	\$ 435,739
Other contributions and grants	207,666	391,888	599,554
United Way funding	296,451	-	296,451
In-kind support	71,164	-	71,164
Special events, net of direct costs of \$10,622	195,638	-	195,638
Interest	13,082	-	13,082
	<u>784,001</u>	<u>827,627</u>	<u>1,611,628</u>
Net assets released from restriction	894,828	(894,828)	-
Total Revenues and Support	<u>1,678,829</u>	<u>(67,201)</u>	<u>1,611,628</u>
Expenses			
Program services	1,162,818	-	1,162,818
Supporting services	194,874	-	194,874
Fundraising	41,762	-	41,762
Total Expenses	<u>1,399,454</u>	<u>-</u>	<u>1,399,454</u>
Increase (Decrease) in Net Assets	279,375	(67,201)	212,174
Net Assets, beginning of year	<u>222,914</u>	<u>89,915</u>	<u>312,829</u>
Net Assets, end of year	<u>\$ 502,289</u>	<u>\$ 22,714</u>	<u>\$ 525,003</u>

The accompanying notes are an integral part of this financial statement.

Avance - Dallas
Statement of Functional Expenses
For the Year Ended June 30, 2007

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 677,443	\$ 91,924	\$ 6,950	\$ 776,317
Employee benefits	116,741	9,581	18	126,340
Payroll taxes	87,970	9,459	695	98,124
Professional fees	72,334	25,670	15,339	113,343
Accounting and legal fees	4,906	10,131	-	15,037
Advertising	789	234	-	1,023
Supplies	44,262	6,471	-	50,733
Communications	14,290	2,575	-	16,865
Postage / shipping	159	410	-	569
Occupancy	46,460	18,913	-	65,373
Rental / maintenance of equipment	6,927	971	-	7,898
Printing / publications	1,234	1,037	7,000	9,271
Travel / transportation	23,924	1,200	-	25,124
Graduation / programs	8,293	-	-	8,293
Client emergency funds	5,772	-	-	5,772
Scholarships	2,584	-	-	2,584
Conferences / meetings	-	577	-	577
Staff development	13,116	3,474	-	16,590
Insurance	18,744	3,848	-	22,592
Bank fees and interest	-	1,156	-	1,156
Affiliation fees	14,788	876	-	15,664
Depreciation	-	5,352	-	5,352
Stipends	-	200	-	200
Miscellaneous	2,082	815	11,760	14,657
	<u>\$ 1,162,818</u>	<u>\$ 194,874</u>	<u>\$ 41,762</u>	<u>\$ 1,399,454</u>

The accompanying notes are an integral part of this financial statement.

Avance - Dallas
Statement of Cash Flows
For the Year Ended June 30, 2007

Cash Flows From Operating Activities	
Increase in Net Assets	\$ 212,174
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	5,352
(Increase) decrease in assets	
Grants receivable	(77,890)
Due from National	12,395
Increase in liabilities	
Accounts payable and accrued expenses	13,356
Net Cash Provided by Operating Activities	<u>165,387</u>
Cash Flows From Investing Activities	
Purchase of property and equipment	(13,112)
Purchase of investments	(125,000)
Net Cash Used by Investing Activities	<u>(138,112)</u>
Net Increase in Cash	27,275
Cash, beginning of year	<u>281,564</u>
Cash, end of year	<u><u>\$ 308,839</u></u>
SUPPLEMENTAL INFORMATION	
Interest paid	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this financial statement.

Avance-Dallas
Notes to Financial Statements
June 30, 2007

NOTE 1: NATURE OF ORGANIZATION

Avance - Dallas (Organization) is a comprehensive, community based parent-child educational program funded by private companies, foundations, state and federal sources whose main purpose is to strengthen Hispanic families. The Organization is a chapter under the umbrella of Avance, Inc., which was established in 1973 as a Texas nonprofit corporation. Avance - Dallas was established in 1996.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the fairness and objectivity embodied in the financial statements.

Financial Statement Presentation – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets, if any, (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include the assumption in recording depreciation and the realizable value of receivables. It is at least reasonably possible that the significant estimates used will change within the next year.

Avance-Dallas
Notes to Financial Statements
June 30, 2007

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. There were no cash equivalents at June 30, 2007. The Organization places cash, cash equivalents and marketable securities, which, at times, may exceed federally-insured limits, with high-credit quality financial institutions. The Organization has not experienced any losses on such assets.

Investments – Investments, consisting of corporate bonds, are carried at their current market value. At June 30, 2007, investments totaled \$125,000. Investment return consists of interest income which is included in total interest income on the statement of activities and changes in net assets.

Grants Receivable – Grants receivable consist of amounts due from federal awarding agencies.

Property and Equipment – Furniture, fixtures and equipment are stated at cost when purchased or fair market value at the date of donation, less accumulated depreciation and amortization. Major expenditures and those that substantially increase useful lives are capitalized. Maintenance, repairs and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When furniture, fixtures or equipment are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in operations. Depreciation and amortization has been calculated as follows:

Equipment	5 years
Vehicle	5 years
Software	3 years

Income Taxes – The Organization is a nonprofit organization, as defined in Section 501(c)(3) of the Internal Revenue Service Code (Code), that is exempt from federal income taxes under its national affiliate, Avance, Inc.'s corporate exemption pursuant to Section 501(a) of the Code. For the year ended June 30, 2007, the Chapter did not conduct any unrelated business activities that would be subject to federal income taxes.

NOTE 3: PROPERTY AND EQUIPMENT

At June 30, 2007, property and equipment consisted of the following:

Equipment	\$ 38,325
Less accumulated depreciation	<u>(18,196)</u>
	<u>\$ 20,129</u>

Depreciation expense for 2007 was \$5,352.

Avance-Dallas
Notes to Financial Statements
June 30, 2007

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2007, temporarily restricted net assets were restricted for the following purposes:

Technology project	\$ 10,214
Early childhood	10,000
Toymaking program	<u>2,500</u>
	<u>\$ 22,714</u>

NOTE 5: COMMITMENTS

Operating Lease Obligation

The Organization leases office equipment under two noncancelable operating leases ending in 2008 and 2010. The future minimum lease payments are approximately as follows:

For the year ending June 30,	
2008	\$ 4,300
2009	2,900
2010	1,700
2011 and thereafter	<u>-</u>
	<u>\$ 8,900</u>

Lease expense associated with these leases for the year ended June 30, 2007 was approximately \$5,900.

NOTE 6: DEBT OBLIGATION

Express Credit Line

The Organization has a credit line available of up to 65% of the Organization's total investments held by its broker. Any borrowings are secured by the investments held at the institution. At June 30, 2007, there were no borrowings on this line of credit.

NOTE 7: RELATED PARTY TRANSACTIONS

The Organization receives funding from Avance, Inc. (National), who receives the funding from the Texas Education Agency (TEA). In addition, the Organization pays for certain educational operating expenses and is subsequently reimbursed on a quarterly basis for these expenses by the TEA, with National serving as pass-through fiscal entity. For the year ended June 30, 2007, the Organization received approximately \$77,800 from National and was owed \$7,341 at year-end.