

AVANCE – DALLAS
FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2009

**Avance - Dallas
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June 30, 2009**

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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, 2009, 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, 2009, 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 Organization

Dallas, Texas
August 21, 2009

Avance - Dallas
Statement of Financial Position
June 30, 2009

ASSETS

Cash	\$ 237,792
Investments	358,685
Grants receivable	36,995
Due from National, net	22,903
Property and equipment, net	<u>7,690</u>
 TOTAL ASSETS	 <u><u>\$ 664,065</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	<u>\$ 56,775</u>
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Net Assets

Unrestricted	543,782
Temporarily restricted	<u>63,508</u>
Total Net Assets	<u><u>607,290</u></u>

 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 664,065</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, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support			
Government, state and local grants	\$ -	\$ 421,897	\$ 421,897
Other contributions and grants	544,197	363,500	907,697
United Way funding	458,692	-	458,692
In-kind support	162,738	-	162,738
Special events	12,450	-	12,450
Interest	10,469	-	10,469
	<u>1,188,546</u>	<u>785,397</u>	<u>1,973,943</u>
Net assets released from restriction	790,281	(790,281)	-
Total Revenues and Support	<u>1,978,827</u>	<u>(4,884)</u>	<u>1,973,943</u>
Expenses			
Program services	1,712,163	-	1,712,163
Supporting services	211,656	-	211,656
Fundraising	31,096	-	31,096
Total Expenses	<u>1,954,915</u>	<u>-</u>	<u>1,954,915</u>
Increase in Net Assets	23,912	(4,884)	19,028
Net Assets, beginning of year	<u>519,870</u>	<u>68,392</u>	<u>588,262</u>
Net Assets, end of year	<u>\$ 543,782</u>	<u>\$ 63,508</u>	<u>\$ 607,290</u>

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

Avance - Dallas
Statement of Functional Expenses
For the Year Ended June 30, 2009

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 986,806	\$ 113,150	\$ -	\$ 1,099,956
Employee benefits	126,767	7,244	-	134,011
Payroll taxes	109,741	9,639	108	119,488
Professional fees	70,790	29,643	22,839	123,272
Accounting and legal fees	6,070	1,343	-	7,413
Advertising	881	-	382	1,263
Supplies	135,482	3,300	165	138,947
Communications	14,617	4,266	-	18,883
Postage and shipping	105	960	-	1,065
Occupancy	142,331	18,799	-	161,130
Rental and maintenance of equipment	8,617	1,294	-	9,911
Printing and publications	1,964	60	6,931	8,955
Travel and transportation	28,946	1,387	-	30,333
Graduation programs	7,854	-	-	7,854
Client emergency funds	7,215	-	-	7,215
Scholarships	3,215	-	-	3,215
Conferences and meetings	28	3,232	-	3,260
Staff development	28,841	1,611	-	30,452
Insurance	16,374	3,024	-	19,398
Bank fees and interest	-	999	-	999
Affiliation fees	15,519	1,601	-	17,120
Depreciation	-	5,776	-	5,776
Miscellaneous	-	4,328	671	4,999
	<u>\$ 1,712,163</u>	<u>\$ 211,656</u>	<u>\$ 31,096</u>	<u>\$ 1,954,915</u>

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

Avance - Dallas
Statement of Cash Flows
For the Year Ended June 30, 2009

Cash Flows From Operating Activities

Increase in Net Assets	\$ 19,028
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	5,776
Decrease (increase) in assets	
Grants receivable	13,482
Due from National	(2,345)
Increase in liabilities	
Accounts payable and accrued expenses	14,466
Net Cash Provided by Operating Activities	50,407

Cash Flows From Investing Activities

Purchase of investments	(228,565)
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Net Decrease in Cash	(178,158)
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Cash, beginning of year	415,950
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Cash, end of year	\$ 237,792
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SUPPLEMENTAL INFORMATION

Interest paid	\$ -
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The accompanying notes are an integral part of this financial statement.

Avance-Dallas
Notes to Financial Statements
June 30, 2009

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, the realizable value of receivables, and the functional allocation of expenses. 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, 2009

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, 2009. 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 certified deposits, are carried at their current market value. At June 30, 2009, investments totaled \$358,685. 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, 2009, 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, 2009, property and equipment consisted of the following:

Equipment	\$ 38,325
Less accumulated depreciation	<u>(30,635)</u>
	<u>\$ 7,690</u>

Depreciation expense for the year ended June 30, 2009 was \$5,776.

Avance-Dallas
Notes to Financial Statements
June 30, 2009

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2009, temporarily restricted net assets were restricted for the following purposes:

Parenting Education Program	\$ 18,006
Capacity Building Service Project	<u>45,502</u>
	<u>\$ 63,508</u>

NOTE 5: COMMITMENTS

The Organization leases office equipment under two noncancelable operating leases ending in 2010 and 2011. The future minimum lease payments are approximately as follows:

For the year ending June 30,	
2010	\$ 3,800
2011	1,700
2012 and thereafter	<u>-</u>
	<u>\$ 5,500</u>

Lease expense associated with these leases for the year ended June 30, 2009 was approximately \$4,700.

NOTE 6: RETIREMENT PLAN

The Organization has available, for essentially all employees, a 403(b) retirement plan, which is offered through National. Employees can make contributions, subject to certain limitations, on a pretax basis. Further, the Organization will match 25% of the first 5% of employee pay contributed to the Plan through salary deferral. For the year ended June 30, 2009, the Organization contributed approximately \$1,900.

NOTE 7: RELATED PARTY TRANSACTIONS

The Organization receives pass-through funding from Avance, Inc. (National), who receives 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, 2009, the Organization received \$69,352 from National. In addition, the Organization pays affiliation fees to National. For 2009, \$15,000 of these costs were incurred. At June 30, 2009, the net amount owed the Organization by National was \$22,903.

Avance-Dallas
Notes to Financial Statements
June 30, 2009

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In September 2006, a statement was issued under U.S. GAAP for fair value measurements. This statement provides a new definition for fair value establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Organization adopted the provisions of this statement as of July 1, 2008. The financial assets recorded at fair value on a recurring basis primarily relate to investments. The statement establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The adoption of the statement to the Organization's financial assets did not have any impact on the consolidated financial statements.

In accordance with the provisions of U.S. GAAP, the Organization has elected to defer implementation until July 1, 2009 as it relates to nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis. Management is evaluating the impact, if any, this statement will have on those nonfinancial assets and liabilities.

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

<u>Fair Value Measurements at Reporting Date Using:</u>				
		Quoted Prices in Active Market for Identical Assets/Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash	\$ 237,792	\$ 237,792	\$ -	\$ -
Investments	358,685	358,685	-	-
Grant receivable	<u>36,995</u>	<u>-</u>	<u>36,995</u>	<u>-</u>
Total	<u>\$ 633,472</u>	<u>\$ 633,472</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 9: DONATED SERVICES

The Organization received donated services from individuals teaching ESL and GED classes as well as home instruction through the Dallas Independent School District's Adult Basic Education and HIPPY programs. The Organization also received donated facilities from the Dallas Independent School District. These donated facilities were classrooms that the Organization used for the donated services from individuals teaching ESL and GED classes.

Avance-Dallas
Notes to Financial Statements
June 30, 2009

NOTE 9: DONATED SERVICES (CONTINUED)

For the year ended June 30, 2009, the estimated value of these services totaled approximately \$126,300 which has been recorded in the Statement of Activities.

In addition, the Organization also receives its office space and warehouse space free of charge under a lease which runs until January 2011. The estimated annual value of this space is approximately \$36,400, and this amount has been recorded in the Statement of Activities.

Numerous individuals have donated significant amounts of their time and perform a variety of tasks that assist the Organization including gift distributions and coordination. No amounts have been reflected in the financial statements, as the fair market value of these services is not readily determinable, and these services do not meet the criteria for recording as revenues.