

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
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# LarsonAllen<sup>®</sup> LLP

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Comunidades Latinas Unidas En Servicio, Inc.  
St. Paul, Minnesota

We have audited the accompanying balance sheets of Comunidades Latinas Unidas En Servicio, Inc. (the Organization) for the years ended December 31, 2009 and 2008, and the related statements of activity, functional expense, and cash flows for the years 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 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 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 audits provide 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 Comunidades Latinas Unidas En Servicio, Inc. for the years ended December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Minneapolis, Minnesota  
April 7, 2010



**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**

	2009	2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 86,454	\$ 96,271
Accounts Receivable, Net of Allowance	568,117	374,238
Grants Receivable - Current Portion	70,000	160,000
Pledges Receivable - Current Portion	74,950	142,300
Prepaid Expenses	34,555	24,274
Total Current Assets	834,076	797,083
<b>OTHER ASSETS</b>		
Grants Receivable, Net of Current Portion, Discount and Allowance	-	19,060
Pledges Receivable, Net of Current Portion, Discount and Allowance	61,182	232,420
Total Other Assets	61,182	251,480
<b>LAND, BUILDINGS AND EQUIPMENT</b>		
(Net of Accumulated Depreciation at December 31, 2009 and 2008 of \$1,710,725 and \$1,469,499, Respectively)	4,768,434	4,985,807
Total Assets	\$ 5,663,692	\$ 6,034,370
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Other Accrued Liabilities	\$ 57,169	\$ 35,692
Accrued Wages and Payroll Taxes	35,961	56,529
Accrued Vacation	101,272	97,539
Other Liabilities	73,844	60,000
Line of Credit	65,000	-
Current Portion of Long-Term Debt	145,317	184,100
Total Current Liabilities	478,563	433,860
<b>NONCURRENT LIABILITIES</b>		
Long-Term Debt, Net of Current Portion	707,956	833,147
Total Liabilities	1,186,519	1,267,007
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	(327,493)	(544,197)
Designated - Property and Equipment	3,915,161	3,968,560
Total Unrestricted	3,587,668	3,424,363
Temporarily Restricted	876,005	1,329,500
Permanently Restricted	13,500	13,500
Total Net Assets	4,477,173	4,767,363
Total Liabilities and Net Assets	\$ 5,663,692	\$ 6,034,370

See accompanying Notes to Financial Statements.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**STATEMENTS OF ACTIVITY**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUE</b>				
Government Grants	\$ 2,810,947	\$ -	\$ -	\$ 2,810,947
Contributions	1,241,804	64,741	-	1,306,545
Interest	511	-	-	511
Client Paid and Private Insurance	530,629	-	-	530,629
Rental Income	181,511	-	-	181,511
In-Kind Contributions	256,826	-	-	256,826
Miscellaneous Income	26,150	-	-	26,150
Total Support and Revenue	<u>5,048,378</u>	<u>64,741</u>	<u>-</u>	<u>5,113,119</u>
Net Assets Released from Restrictions	<u>518,236</u>	<u>(518,236)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	5,566,614	(453,495)	-	5,113,119
<b>EXPENSE</b>				
Program Services	4,407,861	-	-	4,407,861
Support Services:				
Management and General	543,234	-	-	543,234
Fundraising	452,214	-	-	452,214
Total Support Services	<u>995,448</u>	<u>-</u>	<u>-</u>	<u>995,448</u>
Total Expense	<u>5,403,309</u>	<u>-</u>	<u>-</u>	<u>5,403,309</u>
<b>CHANGE IN NET ASSETS</b>	163,305	(453,495)	-	(290,190)
Net Assets - Beginning of Year	<u>3,424,363</u>	<u>1,329,500</u>	<u>13,500</u>	<u>4,767,363</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,587,668</u>	<u>\$ 876,005</u>	<u>\$ 13,500</u>	<u>\$ 4,477,173</u>

See accompanying Notes to Financial Statements.

## 2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 2,075,489	\$ -	\$ -	\$ 2,075,489
1,490,024	343,317	-	1,833,341
1,307	-	-	1,307
468,767	-	-	468,767
192,059	-	-	192,059
303,944	-	-	303,944
54,631	-	-	54,631
<u>4,586,221</u>	<u>343,317</u>	<u>-</u>	<u>4,929,538</u>
<u>520,025</u>	<u>(520,025)</u>	<u>-</u>	<u>-</u>
5,106,246	(176,708)	-	4,929,538
3,949,140	-	-	3,949,140
660,280	-	-	660,280
260,993	-	-	260,993
<u>921,273</u>	<u>-</u>	<u>-</u>	<u>921,273</u>
<u>4,870,413</u>	<u>-</u>	<u>-</u>	<u>4,870,413</u>
235,833	(176,708)	-	59,125
<u>3,188,530</u>	<u>1,506,208</u>	<u>13,500</u>	<u>4,708,238</u>
<u>\$ 3,424,363</u>	<u>\$ 1,329,500</u>	<u>\$ 13,500</u>	<u>\$ 4,767,363</u>

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSE**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009			Total
	Program	Management and General	Fundraising	
Salaries and Wages	\$ 2,245,371	\$ 154,232	\$ 260,666	\$ 2,660,269
Payroll Taxes and Fringe Benefits	527,685	85,354	47,788	660,827
Consultants and Professional Fees	345,699	34,513	78,501	458,713
Travel	47,853	3,748	600	52,201
Occupancy Costs	476,721	4,329	35,038	516,088
Supplies	143,568	11,290	4,141	158,999
Equipment Rental and Maintenance	13,874	1,140	896	15,910
Telephone	50,318	3,811	2,819	56,948
Insurance	19,972	2,611	1,422	24,005
Conferences and Training	18,948	11,117	3,407	33,472
Financial Assistance and Client Transportation	129,768	-	-	129,768
Subscriptions and Dues	7,613	1,869	1,164	10,646
Printing and Postage	28,587	3,462	2,958	35,007
Interest	-	56,975	-	56,975
Other	1,999	29,644	5,587	37,230
In-Kind Services	255,022	-	-	255,022
Total Expense before Depreciation	4,312,998	404,095	444,987	5,162,080
Depreciation	94,863	139,139	7,227	241,229
 Total Expense	 <u>\$ 4,407,861</u>	 <u>\$ 543,234</u>	 <u>\$ 452,214</u>	 <u>\$ 5,403,309</u>
 Percentage of Total Expense	 81.6%	 10.1%	 8.3%	 100.0%

See accompanying Notes to Financial Statements.

2008

Program	Management and General	Fundraising	Total
\$ 2,073,435	\$ 101,318	\$ 190,204	\$ 2,364,957
435,223	103,830	23,158	562,211
269,031	114,095	17,557	400,683
46,926	6,338	377	53,641
433,274	9,861	20,300	463,435
124,886	31,253	455	156,594
8,091	2,078	350	10,519
48,394	8,583	1,645	58,622
18,637	23,760	873	43,270
34,920	14,586	380	49,886
28,003	-	-	28,003
7,524	7,219	-	14,743
22,526	8,333	954	31,813
-	66,629	-	66,629
6,381	31,164	-	37,545
294,710	-	-	294,710
3,851,961	529,047	256,253	4,637,261
97,179	131,233	4,740	233,152
<u>\$ 3,949,140</u>	<u>\$ 660,280</u>	<u>\$ 260,993</u>	<u>\$ 4,870,413</u>
81.1%	13.6%	5.3%	100.0%

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (290,190)	\$ 59,125
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	241,229	233,152
Amortization of Discount on Long-Term Debt	20,752	21,066
Forgiveness of Debt	(26,100)	(26,100)
Loss on Disposal of Fixed Assets	-	10,500
(Increase) Decrease in Current Assets:		
Accounts Receivable	(193,879)	123,704
Grants Receivable	109,060	41,240
Pledges Receivable	113,588	(29,018)
Prepaid Expense	(10,281)	(8,205)
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Other Accrued Liabilities	21,477	(129,023)
Accrued Wages and Payroll Taxes	(20,568)	(38,132)
Accrued Vacation	3,733	8,730
Other Liabilities	13,844	52,362
Net Cash Provided (Used) by Operating Activities	(17,335)	319,401
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(23,856)	(441,074)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Line of Credit Advances	65,000	-
Cash Received for Capital Campaign	125,000	177,000
Payments on Long-Term Debt	(158,626)	(149,285)
Net Cash Provided by Financing Activities	31,374	27,715
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(9,817)	(93,958)
Cash and Cash Equivalents - Beginning of Year	96,271	190,229
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 86,454	\$ 96,271
 <b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid	\$ 36,223	\$ 45,563
 In-Kind Goods and Services	\$ 256,826	\$ 303,944

See accompanying Notes to Financial Statements.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity and Background**

Comunidades Latinas Unidas En Servicio, Inc.(CLUES) was established in 1981 with a mission "to enhance the quality of life of Latinos in Minnesota." When CLUES began, the agency consisted of one office in St. Paul that provided mental health counseling services. It has since grown to become the largest Latino social and behavioral health services agency in the state. CLUES began offering Employment services and English classes in 1985. In 1987, the Elder Wellness program was launched. In 1991 CLUES opened an office in Minneapolis. Currently, CLUES provides a comprehensive continuum of bilingual and culturally appropriate services to respond to the needs of the rapidly expanding Latino population in Minnesota.

***Mental Health Services***

CLUES Mental Health Services address the mental health needs of all age groups, providing a high standard of person-centered care to promote overall individual and family well-being. We offer individual and family counseling and a support group for Latina adolescents in order to ease acculturation and create stable, healthy families and support networks. Additionally, we provide diagnostic assessments, youth case management, a sexual assault program, and community outreach and advocacy. CLUES Mental Health Services represent a safe and dignified environment where staff treat clients with respect and understanding as they overcome barriers and work toward optimal mental health.

***Chemical Health Services***

CLUES Chemical Health Services provide a non-threatening environment within the Latino community where adults and adolescents are able to work on improving their chemical dependency and drug abuse behavior patterns. We offer chemical health assessments, education and prevention classes, outpatient chemical dependency treatment, aftercare, reintegration support for families, and DUI mandated chemical health classes, all of which assist clients as they move into a healthy, self-sufficient and sober lifestyle. Our linguistically appropriate and culturally proficient programs assist clients on their road to recovery and well-being while fostering a safe and dignified environment for personal growth.

***Aging Well Services***

CLUES Aging Well Services (previously named Tercer Amanecer) strive to enhance the quality of life for at-risk elders and their caregivers by equipping each with the necessary skills and support to maintain overall well-being. Our Adult Day Center offers activities for physical, mental, spiritual, and psycho-social fulfillment, and cognitive and sensory stimulation to prolong health and independence for elders. Our Caregiver Support Program provides respite opportunities and guidance to caregivers of all ages and helps them cope during the stressful periods of caring for an older loved one. CLUES' family centric coordinated care model maintains the traditional Latino family structure, which recognizes the important contributions of its older members.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Business Activity and Background (Continued)**

***Economic Advancement Services (formerly Employment, ESL and Financial Services)***

CLUES Economic Advancement Services incorporates the employment and education departments, financial empowerment program, homeownership services, and the Learning Together program (a parent- student school program), under one holistic system of service delivery. This approach develops economic vitality and strives to create and sustain financial independence in low-income and underserved Latino and new immigrant neighborhoods and communities. Our innovative efforts are designed to produce both short and long-term solutions to the challenging economic times. We employ a linguistically appropriate and culturally proficient model to assist individuals and families in overcoming barriers to family stability and economic advancement. Programs are coordinated to further clients along the self-sufficiency continuum as they increase English language skills and education levels, attain and retain better jobs, learn how to support their children to succeed in school and life, learn to save, accumulate assets and improve financial knowledge to make wise choices that benefit them now, and provide security well into the future.

***Community Health Worker Services***

CLUES Community Health Worker Services provide culturally competent and linguistically appropriate health promotion and prevention programs to thousands of individuals annually through community events, home visits, the Ventanilla de Salud (Little Window of Health), Aquí Ecuador Radio programs, and printed materials. Our Promotores de Salud (community health workers) and Jóvenes de Salud (youth community health workers) inform, educate, refer, and follow up with individuals from Latino communities on a variety of health matters, including nutrition, tobacco control, cancer screenings, health insurance, and the importance of ongoing physical activity.

***Family Services***

CLUES Family Services offers culturally appropriate programs that help families reach self-sufficiency and increased emotional well-being. Programs aim to prevent child abuse and neglect, reduce juvenile delinquency, increase school readiness for children, promote positive parenting and resiliency in children, and increase overall family health and stability for Latino children and families. Our parent education, case management, and fatherhood programs focus on keeping families together, making them stronger, and providing them with the tools and support to grow and prosper.

**Financial Statement Presentation**

Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (Continued)**

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permitted the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

The Organization has elected to present temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net asset class.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash and investments with original maturities of three months or less.

**Receivables**

Grants, accounts and pledges receivable are stated at net realizable value. At December 31, 2009 and 2008, the Organization recorded an allowance for uncollectible accounts in the amount of \$2,058 and \$102,058, respectively, which is based on management judgment considering historical information. Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the pledge is received. Conditional pledges are not included as support until such time as the conditions are substantially met. The Organization received two conditional gifts totaling \$60,000 at the end of 2009. The conditions are to match the contribution with new gifts in 2010. As of December 31, 2009, these conditions were not met.

**Land, Buildings and Equipment**

Purchased land, buildings and equipment are recorded at cost. Contributed items are recorded at fair market value at date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of land, buildings and equipment are recorded as unrestricted. Depreciation of land, buildings and equipment is computed on a straight-line basis over the estimated service lives of the asset. The Organization capitalizes items which are greater than \$2,000.

**Loan Financing Costs**

At December 31, 2009 and 2008, loan financing costs of \$89,328 were included in building and equipment and amortized using the straight-line method over the assumed forty-year term of the loan. Accumulated amortization was \$11,077 and \$8,844 for the years ended December 31, 2009 and 2008, respectively.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Exempt Status**

The Organization has a tax exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 209.3. The Organization is classified by the Internal Revenue Service as an organization that is not a private foundation. Therefore, charitable contributions by donors are tax deductible. The Organization has elected to defer the income tax standard regarding the recognition and measurement of uncertain tax positions.

Effective January 1, 2009, the Organization has adopted guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this guidance had no impact on the Organization's financial statements. The Organization's tax returns are subject to review and examination by federal authorities. The tax returns for the years 2006 through 2009 are open to examination by federal authorities

**Functional Allocation of Expense**

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**In-Kind Contributions**

Contributions of products donated to the Organization are recorded at fair market value at the time they are received. Donated services are valued at a predetermined or estimated rate commensurate with the work performed.

**Fair Value Measurements**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Organization follows the accounting policy which measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The Organization currently does not have any financial assets or financial liabilities that are measured at fair value on a recurring or non-recurring basis.

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expense. Actual results could vary from the estimates that were used.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 7, 2010.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 2 SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

The Organization provides services within the State of Minnesota. Grants and contributions are received from both national and local institutions. Substantially, all the grants and pledges receivable are from organizations, corporations and the state and federal governments.

**NOTE 3 GRANTS RECEIVABLE**

Grants receivable consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Cash Amounts Due In:		
Within One Year	\$ 70,000	\$ 160,000
One to Five Years	-	19,060
Total	<u>\$ 70,000</u>	<u>\$ 179,060</u>

**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Unconditional Promises to Give:		
Archdiocese of St. Paul and Minneapolis	\$ -	\$ 10,000
Bailey Nurseries	-	20,000
St. Paul Foundation	-	25,000
Katherine B. Anderson Foundation	130,000	200,000
Federal	-	200,000
Individuals	7,975	26,301
Subtotal	<u>137,975</u>	<u>481,301</u>
Less: Discount	(1,843)	(6,581)
Less: Allowance	-	(100,000)
	<u>136,132</u>	<u>374,720</u>
Less: Current Portion	74,950	142,300
Long-Term Portion	<u>\$ 61,182</u>	<u>\$ 232,420</u>
Cash Amounts Due In:		
Within One Year	\$ 74,950	\$ 142,300
One to Five Years	63,025	339,001
Total	<u>\$ 137,975</u>	<u>\$ 481,301</u>

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 5 LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment as of December 31 consist of:

	<u>2009</u>	<u>2008</u>
Land	\$ 866,882	\$ 866,882
Building	3,641,506	3,574,352
Vehicles	58,695	58,695
Furniture and Equipment	1,379,339	1,355,371
Software	180,374	180,374
Construction in Progress	352,363	419,632
Accumulated Depreciation	<u>(1,710,725)</u>	<u>(1,469,499)</u>
Total	<u>\$ 4,768,434</u>	<u>\$ 4,985,807</u>

**NOTE 6 LONG-TERM DEBT**

Long-term debt consists of the following at December 31:

<u>Description</u>	<u>2009</u>	<u>2008</u>
The Organization received a loan from the Housing and Redevelopment Authority of the City of St. Paul, Minnesota on June 14, 2005 in the amount of \$417,000. Principal payments are deferred for a period of 20 years, and no interest accrues during the deferral period. Repayment in the amount of \$2,495 per month including interest at 1% will begin in 2025 and continue through 2040. However, the loan is immediately due and payable if the Organization relocates to any other location outside of the City of St. Paul. This loan is unsecured.	\$ 417,000	\$ 417,000
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(301,060)	(307,861)
The Organization received a loan from the Housing and Redevelopment Authority of the City of St. Paul, Minnesota on June 14, 2005 in the amount of \$261,000. This loan bears interest at 0% and is forgivable at 10% per year commencing in 2006 and continuing through 2015. However, the loan is immediately due and payable if the Organization relocates to any other location outside of the City of St. Paul. This loan is unsecured.	156,600	182,700
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(24,977)	(33,398)

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

<u>Description</u>	<u>2009</u>	<u>2008</u>
The Organization received a loan from the Housing and Redevelopment Authority of the City of St. Paul, Minnesota on June 14, 2005 in the amount of \$170,000. Principal payments are deferred for a period of 10 years, and no interest accrues during the deferral period. Repayment in the amount of \$1,174 per month including interest at 3% will begin in 2015 and continue through 2030. However, the loan is immediately due and payable if the Organization relocates to any other location outside of the City of St. Paul. This loan is unsecured.	170,000	170,000
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(75,712)	(81,242)
In March 2010, the organization refinanced an existing construction loan with Bremer Bank, interest is fixed at 5.70%, with monthly interest and principal payments of \$15,459. The loan matures on March 17, 2013. The loan is secured by a Mortgage, Security Agreement and Fixture Financing Statement on the constructed building.	511,422	670,048
Total	<u>853,273</u>	<u>1,017,247</u>
Less: Current Maturities	<u>145,317</u>	<u>184,100</u>
Long-Term Debt	<u>\$ 707,956</u>	<u>\$ 833,147</u>

The security interests of the Housing and Redevelopment Authority of the City of St. Paul are subordinate to the security interest of the lender of the Construction Loan.

The maturity requirements on long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 145,317
2011	193,338
2012	203,326
2013	73,841
2014	26,100
Thereafter	<u>613,100</u>
Total Long-Term Debt	1,255,022
Less: Current Portion	145,317
Less: Unamortized Discounts	401,749
Long-Term Portion	<u>\$ 707,956</u>

The Organization recorded interest expense in the amount of \$56,975 and \$66,629 for the years ended December 31, 2009 and 2008, respectively.

As of December 31, 2009, the Organization was in violation of a certain debt covenant which was waived subsequent to year-end.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 7 LINE AND LETTER OF CREDIT**

On July 31, 2009, the Organization renewed a revolving line of credit with Bremer Bank to advance up to \$560,000. The line of credit has an advance rate of 5.00% at December 31, 2009. Borrowings are secured by the Organization's inventory, equipment, accounts receivable, and general intangibles. Advances under the line of credit were \$65,000 and \$-0- as of December 31, 2009 and 2008, respectively.

The Organization renewed an irrevocable standby letter of credit for an amount not to exceed \$20,000, and bearing interest at 10%. The letter of credit expires on August 31, 2011. Advances on the letter of credit were \$-0- at December 31, 2009 and 2008.

**NOTE 8 LEASE INCOME**

The Organization receives rental income from various tenants with commitments signed through 2010. Future rental minimal lease payments expected to be received are as follows:

Year	Amount
2010	\$ 112,205

**NOTE 9 OPERATING LEASES**

The Organization rents one facility under a lease dated September 1, 2006 for a seven-year lease which expires in 2013. The rent expense for the years ended December 31, 2009 and 2008 was \$322,883 and \$312,722, respectively. The Organization also entered into a lease agreement for rental of a facility beginning in May 2008, which expires in 2012. The following is the future minimum lease payment schedule for the leases noted above:

Year	Amount
2010	\$ 303,948
2011	303,948
2012	306,815
2013	218,184
2014	37,697
Thereafter	-
Total	\$ 1,170,592

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS**

**Temporarily Restricted**

Temporarily restricted net assets as of December 31 consist of the following donor restrictions:

	2009	2008
<b>Time Restricted:</b>		
McKnight Foundation	\$ 66,664	\$ 166,667
City of St. Paul Housing & Redevelopment Authority	401,749	422,500
Otto Bremer Foundation	20,000	59,062
<b>Purpose Restricted:</b>		
<b>Employment Program:</b>		
State of Minnesota	3,900	10,000
Thrivent Financial	-	10,000
<b>Senior Program:</b>		
Steven's Square Foundation	12,500	13,750
<b>Mental Health Program:</b>		
J&R Phillips Family Foundation	-	6,236
Ucare Fund of Minnesota Medical Foundation	25,584	50,000
<b>Family Services Program:</b>		
Carolyn Foundation	-	10,000
C & E Pohlاد	29,167	-
Pohlاد Family Foundation	35,000	-
<b>Health Program:</b>		
Consulate of Mexico	-	6,637
Boston Scientific Foundation	25,000	12,557
Supervalve	8,171	-
Medtronic	20,000	-
Ucare	15,000	-
Bush Foundation	16,100	50,000
<b>Education Program:</b>		
Best Buy Foundation	-	6,666
3M Foundation	-	8,334
US Bancorp Foundation	-	3,000
<b>Capital Campaign:</b>		
Archdiocese of St. Paul and Minneapolis	-	10,000
Bailey Nurseries	-	19,530
St. Paul Foundation	-	25,000
Katherine B. Anderson Foundation	128,158	193,890
Federal Grant Program	-	100,000
<b>Administrative:</b>		
Individuals	7,975	26,301
McKnight Foundation	36,037	36,037
Bush Foundation	-	83,333
Wells Fargo	15,000	-
Pohlاد Family Foundation	10,000	-
Total	\$ 876,005	\$ 1,329,500

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

**Net Assets Released from Restrictions**

Net assets released from donor restrictions were from grants restricted by purpose and time totaling \$518,236 and \$520,025 for the years ended December 31, 2009 and 2008, respectively.

**NOTE 11 MAJOR SOURCES OF SUPPORT AND REVENUE**

For the years ended December 31, 2009 and 2008, major sources of support and revenue were as follows:

	2009	2008
State of Minnesota	\$ 743,473	\$ 839,655
Hennepin County	619,976	681,139
Ramsey County	859,025	-

**NOTE 12 IN-KIND SERVICES**

The Organization receives in-kind services in the form of volunteer tutoring for English as a Second Language (ESL), Basic Literary (in Spanish) and Citizenship courses. In 2009 and 2008, the Organization received 15,132 and 18,094 volunteer hours at an estimated hourly rate of \$25. The organization also received in-kind donations of various supply items. Total in-kind services from course tutors and supply items, classified as program related expenses, totaled \$256,826 and \$303,944 during the years ended December 31, 2009 and 2008, respectively.

# LarsonAllen<sup>®</sup> LLP

CPAs, Consultants & Advisors

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Comunidades Latinas Unidas En Servicio, Inc.  
St. Paul, Minnesota

Our report on our audits of the basic financial statements of Comunidades Latinas Unidas En Servicio, Inc. for 2009 and 2008 appears on page 1. Those audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis, and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the supplementary information and express no opinion on it.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Minneapolis, Minnesota  
April 7, 2010



**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM -- UNRESTRICTED BEFORE CAPITAL**  
**CAMPAIGN REVENUE, CAPITAL CAMPAIGN EXPENSE, AND FUNDRAISING EXPENSE**  
**YEAR ENDED DECEMBER 31, 2009**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>Chemical Health</u>	<u>Mental Health</u>	<u>Education</u>	<u>Employment</u>
<b>SUPPORT AND REVENUE</b>				
Government Grants	\$ 466,998	\$ 500,492	\$ 124,311	\$ 1,243,137
Contributions	6,000	97,777	115,762	327,081
Interest	-	-	-	-
Client Paid and Private Insurance	107,777	94,676	675	-
Rent Income	-	-	-	-
In-Kind Contributions	4,000	8,571	156,651	36,170
Miscellaneous Income	-	-	-	-
Net Assets Released from Restrictions	-	30,653	18,000	20,000
Total Support and Revenue	<u>584,775</u>	<u>732,169</u>	<u>415,399</u>	<u>1,626,388</u>
<b>EXPENSE</b>				
Salaries and Wages	423,442	328,894	161,715	700,916
Payroll Taxes and Fringe Benefits	92,428	79,935	37,910	169,260
Consultants and Professional Fees	33,168	55,828	6,265	32,965
Travel	1,549	10,512	2,899	6,081
Occupancy Costs	77,689	69,536	33,739	155,867
Supplies	33,888	8,020	17,006	38,987
Equipment Rental and Maintenance	2,349	1,818	1,971	4,506
Telephone	6,353	7,330	6,792	12,538
Insurance	3,381	2,829	1,432	6,401
Conferences and Training	1,700	2,262	1,486	9,642
Financial Assistance and Client Transportation	-	56	-	84,548
Subscriptions and Dues	1,976	2,185	50	1,375
Printing and Postage	5,412	3,853	2,434	10,229
Interest	-	-	-	-
Other	247	179	682	794
In-Kind Services	4,000	8,571	155,625	36,150
Depreciation	16,027	14,287	6,843	30,533
Total Expense before Capital Campaign	<u>703,609</u>	<u>596,095</u>	<u>436,849</u>	<u>1,300,792</u>
Program Development Cost Allocation	34,150	30,428	14,515	66,066
Administrative Expense Allocation	<u>62,944</u>	<u>55,744</u>	<u>27,432</u>	<u>107,814</u>
<b>CHANGE IN NET ASSETS BEFORE CAPITAL CAMPAIGN EXPENSE</b>	<u>\$ (215,928)</u>	<u>\$ 49,902</u>	<u>\$ (63,397)</u>	<u>\$ 151,716</u>

<u>Health</u>	<u>Senior</u>	<u>Family Services</u>	<u>Total Program</u>	<u>Administrative</u>	<u>Total</u>
\$ 11,712	\$ 122,720	\$ 337,677	\$ 2,807,047	\$ -	\$ 2,807,047
325,447	48,044	235,200	1,155,311	84,142	1,239,453
-	-	-	-	515	515
-	323,569	-	526,697	3,932	530,629
-	-	-	-	181,511	181,511
-	49,665	1,769	256,826	-	256,826
-	-	-	-	26,150	26,150
53,095	13,750	10,000	145,498	164,405	309,903
<u>390,254</u>	<u>557,748</u>	<u>584,646</u>	<u>4,891,379</u>	<u>460,655</u>	<u>5,352,034</u>
113,555	218,089	298,760	2,245,371	154,232	2,399,603
23,035	55,562	69,555	527,685	85,354	613,039
192,444	12,585	12,444	345,699	34,513	380,212
4,244	2,370	20,198	47,853	3,748	51,601
18,753	60,262	60,875	476,721	4,329	481,050
3,825	38,023	3,819	143,568	11,290	154,858
323	1,000	1,907	13,874	1,140	15,014
2,388	7,206	7,711	50,318	3,811	54,129
796	2,566	2,567	19,972	2,611	22,583
2,728	386	744	18,948	11,117	30,065
-	16,727	28,437	129,768	-	129,768
-	1,402	625	7,613	1,869	9,482
837	2,076	3,746	28,587	3,462	32,049
-	-	-	-	56,975	56,975
-	10	87	1,999	29,644	31,643
-	49,300	1,376	255,022	-	255,022
3,863	10,750	12,560	94,863	139,139	234,002
<u>366,791</u>	<u>478,314</u>	<u>525,411</u>	<u>4,407,861</u>	<u>543,234</u>	<u>4,951,095</u>
8,188	22,704	26,521	202,572	-	202,572
<u>15,275</u>	<u>43,922</u>	<u>50,858</u>	<u>363,989</u>	<u>(373,449)</u>	<u>(9,460)</u>
<u>\$ -</u>	<u>\$ 12,808</u>	<u>\$ (18,144)</u>	<u>\$ (83,043)</u>	<u>\$ 290,870</u>	<u>\$ 207,827</u>