

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Comunidades Latinas Unidas En Servicio, Inc. (a nonprofit organization), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of activity, functional expense, and cash flows for the years 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 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 audits 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.

Board of Directors
Comunidades Latinas Unidas En Servicio, Inc.

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. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 2, 2016

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 651,079	\$ 122,272
Accounts Receivable, Net of Allowance	1,010,651	934,268
Grants Receivable - Current Portion	660,000	228,800
Pledges Receivable - Current Portion	8,000	8,000
Prepaid Expenses	64,662	121,136
Total Current Assets	2,394,392	1,414,476
OTHER ASSETS		
Grants Receivable, Net of Current Portion	27,500	80,000
LAND, BUILDINGS AND EQUIPMENT, NET		
	4,181,223	4,337,540
Total Assets	\$ 6,603,115	\$ 5,832,016
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Other Accrued Liabilities	\$ 62,042	\$ 24,555
Accrued Wages and Payroll Taxes	131,137	116,309
Accrued Vacation	88,778	75,488
Other Liabilities	139,388	88,455
Current Portion of Long-Term Debt	15,334	37,948
Total Current Liabilities	436,679	342,755
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion	521,766	519,700
Total Liabilities	958,445	862,455
NET ASSETS		
Unrestricted:		
Undesignated	273,663	231,681
Designated - Property and Equipment	3,644,123	3,779,892
Total Unrestricted	3,917,786	4,011,573
Temporarily Restricted	1,713,384	944,488
Permanently Restricted	13,500	13,500
Total Net Assets	5,644,670	4,969,561
Total Liabilities and Net Assets	\$ 6,603,115	\$ 5,832,016

See accompanying Notes to Financial Statements.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
STATEMENTS OF ACTIVITY
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Government Grants	\$ 2,739,382	\$ -	\$ -	\$ 2,739,382
Contributions	1,025,304	1,251,028	-	2,276,332
Private Grants	414,100	-	-	414,100
Interest	25	-	-	25
Client Paid and Private Insurance	1,025,057	-	-	1,025,057
Rental Income	150,075	-	-	150,075
In-Kind Contributions	398,258	-	-	398,258
Miscellaneous Income	26,130	-	-	26,130
Total Support and Revenue	<u>5,778,331</u>	<u>1,251,028</u>	<u>-</u>	<u>7,029,359</u>
Net Assets Released from Restrictions	<u>482,132</u>	<u>(482,132)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	6,260,463	768,896	-	7,029,359
EXPENSE				
Program Services	5,055,530	-	-	5,055,530
Support Services:				
Management and General	1,026,279	-	-	1,026,279
Fundraising	272,441	-	-	272,441
Total Support Services	<u>1,298,720</u>	<u>-</u>	<u>-</u>	<u>1,298,720</u>
Total Expense	<u>6,354,250</u>	<u>-</u>	<u>-</u>	<u>6,354,250</u>
CHANGE IN NET ASSETS	(93,787)	768,896	-	675,109
Net Assets - Beginning of Year	<u>4,011,573</u>	<u>944,488</u>	<u>13,500</u>	<u>4,969,561</u>
NET ASSETS - END OF YEAR	<u>\$ 3,917,786</u>	<u>\$ 1,713,384</u>	<u>\$ 13,500</u>	<u>\$ 5,644,670</u>

See accompanying Notes to Financial Statements.

2014

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,327,431	\$ -	\$ -	\$ 2,327,431
1,115,501	552,891	-	1,668,392
359,400	-	-	359,400
47	-	-	47
822,407	-	-	822,407
138,415	-	-	138,415
387,125	-	-	387,125
26,107	-	-	26,107
<u>5,176,433</u>	<u>552,891</u>	<u>-</u>	<u>5,729,324</u>
629,081	(629,081)	-	-
5,805,514	(76,190)	-	5,729,324
4,672,924	-	-	4,672,924
988,120	-	-	988,120
286,122	-	-	286,122
<u>1,274,242</u>	<u>-</u>	<u>-</u>	<u>1,274,242</u>
5,947,166	-	-	5,947,166
(141,652)	(76,190)	-	(217,842)
<u>4,153,225</u>	<u>1,020,678</u>	<u>13,500</u>	<u>5,187,403</u>
<u>\$ 4,011,573</u>	<u>\$ 944,488</u>	<u>\$ 13,500</u>	<u>\$ 4,969,561</u>

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
STATEMENTS OF FUNCTIONAL EXPENSE
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			Total
	Program	Management and General	Fundraising	
Salaries and Wages	\$ 2,704,862	\$ 493,420	\$ 203,921	\$ 3,402,203
Payroll Taxes and Fringe Benefits	730,766	89,528	2,681	822,975
Consultants and Professional Fees	183,170	90,736	23,491	297,397
Travel	66,173	2,754	549	69,476
Occupancy Costs	497,071	40,134	16,762	553,967
Supplies	152,605	23,323	2,420	178,348
Equipment Rental and Maintenance	44,266	4,592	1,979	50,837
Telephone	46,078	4,660	1,713	52,451
Insurance	26,707	43,665	1,372	71,744
Conferences and Training	44,735	7,924	1,697	54,356
Financial Assistance and Client Transportation	67,070	-	-	67,070
Subscriptions and Dues	24,787	7,121	3,299	35,207
Printing and Postage	23,412	3,099	4,473	30,984
Interest and Discount Amortization	-	29,200	-	29,200
Other	39,580	7,963	2,298	49,841
In-Kind Services	355,226	28,889	3,103	387,218
Total Expense before Depreciation	5,006,508	877,008	269,758	6,153,274
Depreciation	49,022	149,271	2,683	200,976
Total Expense	\$ 5,055,530	\$ 1,026,279	\$ 272,441	\$ 6,354,250
Percentage of Total Expense	79.6%	16.1%	4.3%	100.0%

See accompanying Notes to Financial Statements.

2014

<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 2,460,145	\$ 494,322	\$ 223,219	\$ 3,177,686
712,739	98,107	5,236	816,082
145,002	75,368	15,536	235,906
55,086	3,393	1,137	59,616
466,237	16,601	19,177	502,015
164,565	34,679	2,261	201,505
31,070	3,611	1,652	36,333
45,306	4,323	2,069	51,698
24,781	38,742	1,578	65,101
34,604	12,799	1,274	48,677
26,908	-	-	26,908
19,041	6,749	2,369	28,159
16,689	3,409	981	21,079
-	22,732	-	22,732
46,155	9,808	427	56,390
<u>355,680</u>	<u>11,524</u>	<u>4,818</u>	<u>372,022</u>
4,604,008	836,167	281,734	5,721,909
<u>68,916</u>	<u>151,953</u>	<u>4,388</u>	<u>225,257</u>
<u>\$ 4,672,924</u>	<u>\$ 988,120</u>	<u>\$ 286,122</u>	<u>\$ 5,947,166</u>
78.6%	16.6%	4.8%	100.0%

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 675,109	\$ (217,842)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	200,976	225,257
Amortization of Discount on Long-Term Debt	17,233	19,660
Forgiveness of Debt	(26,100)	(26,100)
Contributions Restricted for Capital Campaign	(85,000)	-
(Increase) Decrease in Current Assets:		
Accounts Receivable	(76,383)	(188,138)
Grants Receivable	(378,700)	(108,800)
Prepaid Expense	56,474	(61,840)
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Other Accrued Liabilities	37,487	(14,779)
Accrued Wages and Payroll Taxes	14,828	27,760
Accrued Vacation	13,290	(382)
Other Liabilities	50,933	27,205
Net Cash Provided (Used) by Operating Activities	500,147	(317,999)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(44,659)	(117,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received for Capital Campaign	85,000	-
Payments on Long-Term Debt	(11,681)	(2,839)
Net Cash Provided (Used) by Financing Activities	73,319	(2,839)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	528,807	(438,186)
Cash and Cash Equivalents - Beginning of Year	122,272	560,458
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 651,079	\$ 122,272
SUPPLEMENTAL INFORMATION		
Interest Paid	\$ 11,967	\$ 3,072
Land Acquired Through Issuance of Debt	\$ -	\$ 250,000
In-Kind Goods and Services	\$ 398,258	\$ 387,125

See accompanying Notes to Financial Statements.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity and Background

Comunidades Latinas Unidas En Servicio, Inc. (CLUES or the Organization) is a 501(c)(3) nonprofit established in 1981 by Latinos for Latinos who share a vision for improving the quality of life of the Latino population in Minnesota, as well as a commitment to community building. While CLUES has grown significantly to meet the needs of our clients, our commitment to these founding values has not wavered. Our services focus on the Latino family, yet our experience and capabilities enable us to serve individuals and families from all walks of life including immigrants and low-income families who dream of a better future.

The Organization's mission, as stated in our 2014 – 2016 strategic plan, is to advance the capacity of Latino families to be healthy, prosperous, and engaged in their communities. The Organization's longer-term vision is to help create a thriving multicultural community enriched with confident and strong Latino families who actively contribute their voice, skills, entrepreneurial spirit, and cultural richness to the community at large.

Living our mission means that we value:

- Family: We believe in the value and power of the family unit and portray this in our ability to provide family-centric services that strengthen Latino culture and community vitality.
- Community Strength: We recognize the talents and resiliency of our clients and strive to help them identify their strengths, build on them and reach their goals.
- Respect: We honor the dignity and worth of all people, striving for humility and compassion as we interact and advocate for our clients.
- Collaboration: We work with others, understanding that collaboration is paramount to achieving comprehensive community impact.
- Accountability: We are committed to upholding the highest standards for quality and effectiveness in service to our community, clients, funders and stakeholders.

CLUES impacts the greater Latino community by addressing the needs of individuals and families through classes, counseling, services and programs, which provide strong building blocks that lead to long-term self-sufficiency. Our services attract over 20,000 individuals annually throughout Minneapolis, Saint Paul, Mankato and the rest of Southern Minnesota. As the largest provider of health, education, economic, and civic engagement services focused on the Latino community, CLUES promotes a thriving, multicultural community with the help of our valued donors, volunteers, staff, and community partners, all of whom are committed to the long-term success and sustainability of Latino community in Minnesota.

An integral aspect of CLUES' strategic planning was the creation and definition of four service area pillars, which take into consideration community needs, as well as our organizational strengths.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Activity and Background (Continued)



These four pillars of service and their corresponding service areas are:

- Health and Family Well-Being: Includes all health services, including group therapy, chemical dependency counseling, family development therapy and support, domestic violence and sexual assault prevention, access to healthcare, good nutrition, tobacco control and cessation, and elderly caregiver support. The Programs that are included in this Service Area include Chemical Health, Mental Health, Health Promotion, Aging Well Services and Family Services. These Programs are separately profiled in the Supplemental Information – Schedule of Revenue and Expense by Program – Unrestricted.
- Economic Vitality: Focuses on reducing poverty and increasing economic opportunities and capacity for adults and families to achieve financial prosperity through homeownership counseling, financial coaching, lending circles, workforce training, employment readiness classes, job search and placement assistance, and free income tax preparation services. Economic Vitality is separately profiled in the Supplemental Information – Schedule of Revenue and Expense by Program – Unrestricted.
- Educational Achievement: Includes partnerships and services that provide a better education and skill development for dual language learner children, youth and immigrant families through youth mentorship and academic achievement. Services include academic support for youth, adult ESL classes, the Father’s Project, computer skills classes, and mentoring for youth. Educational Achievement is separately profiled in the Supplemental Information – Schedule of Revenue and Expense by Program – Unrestricted.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Activity and Background (Continued)

- Civic and Cultural Engagement: Via partnerships and collaborations, this service area will strive to build social and capital, while lifting the voices of Minnesota's Latino community through health equity and policy change, education advocacy, youth civic learning, citizenship attainment, and events promoting Latino arts and culture.

Capital Campaign Initiative

The Organization has begun the process to raise funds in an effort to renovate and expand the current office headquarters. This expansion would allow the Organization to consolidate and expand programs while increasing the resources and services to the Latino clients and community.

The Organization has nearly 100 staff members (across the organization) and a tenant in its headquarters, maxing out the current capacity. Space is one of the main constraints as an organization. A successful capital campaign will alleviate this restriction and will allow the Organization to carry out the current strategic plan as well as the long-term mission more effectively.

The total cost of this expansion is estimated to be \$7.2 million and construction is set to begin in June 2017. Of the \$7.2 million, the Organization plans to finance the expansion through private fundraising efforts, new market tax credits and borrowing.

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.

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. Cash balances at financial institutions may exceed federally insured limits at times.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Grants, accounts and pledges receivable are stated at net realizable value. At December 31, 2015 and 2014, the Organization recorded an allowance for uncollectible accounts in the amount of \$2,058, which is based on management judgment considering historical information. The Organization separately reports grants receivable and pledges receivable. Grants receivables represent receivables with initial anticipated collectibility of less than one year, while pledges receivable are those with initial anticipated collectibility of greater than one year. Receivable balances 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 no significant conditional gifts in 2015 and 2014. There was no allowance or discount warranted on pledges receivable at December 31, 2015 and 2014.

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 greater than \$2,000.

The Organization assigns useful lives to assets as follows:

Land	N/A
Building	40 Years
Vehicles	5 Years
Furniture and Equipment	5 Years
Software	3 Years
Leasehold Improvements	15 Years

Loan Financing Costs

At December 31, 2015 and 2014, loan financing costs of \$89,328 were included in building and equipment and amortized using the straight-line method over the assumed 40-year term of the loan. Accumulated amortization was \$24,475 and \$22,243 for the years ended December 31, 2015 and 2014, respectively.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 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.

Functional Allocation of Expense

Salaries and related expenses are allocated based on hours incurred by program or supporting service. 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.

Private Grants

The Organization reports private grants revenues separately from contributions as these are exchange transaction revenues from corporate and nonprofit organizations that are recognized when earned.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. 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 May 2, 2016.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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.

For the years ended December 31, 2015 and 2014, major sources of support and revenue and their respective concentration as a percentage of total revenues were as follows:

	<u>2015</u>		<u>2014</u>	
State of Minnesota	\$ 1,129,821	16.1%	\$ 936,674	16.3%
Hennepin County	357,127	5.1	163,997	2.9
Ramsey County	164,430	2.3	159,983	2.8

NOTE 3 GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Gross Grants Receivable	\$ 687,500	\$ 308,800
Less: Current Portion	(660,000)	(228,800)
Long-Term Portion	<u>\$ 27,500</u>	<u>\$ 80,000</u>
Cash Amounts Due In:		
Within One Year	\$ 660,000	\$ 228,800
One to Five Years	27,500	80,000
Total	<u>\$ 687,500</u>	<u>\$ 308,800</u>

NOTE 4 LAND, BUILDINGS AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Land	\$ 1,141,120	\$ 1,141,120
Building	3,942,554	3,942,554
Vehicles	43,741	43,741
Furniture and Equipment	1,317,035	1,533,105
Software	187,767	187,767
Leasehold Improvements	389,855	389,855
Construction in Progress	20,023	-
Accumulated Depreciation	(2,860,872)	(2,900,602)
Total	<u>\$ 4,181,223</u>	<u>\$ 4,337,540</u>

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 LONG-TERM DEBT

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

<u>Description</u>	<u>2015</u>	<u>2014</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%.	(250,658)	(260,162)
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 bore interest of 0% and was forgivable at 10% per year commencing in 2006 and continued through 2015. This loan was unsecured and was forgiven in 2015	-	26,100
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% began in 2015 and continues through 2030. However, the loan is immediately due and payable if the Organization relocates to another location outside of the City of St. Paul. This loan is unsecured.	170,000	170,000

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2015</u>	<u>2014</u>
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(34,722)	(42,451)
In September 2014, the Organization entered into a note agreement with Bremer Bank for the purchase of property in St. Paul, Minnesota. Interest is fixed at 4.88%, with monthly interest and principal payments of \$1,971 with a final payment of \$188,176 due in September 2019. The loan is secured by property located in St. Paul.	<u>235,480</u>	<u>247,161</u>
Total	537,100	557,648
Less: Current Maturities	<u>15,334</u>	<u>37,948</u>
Long-Term Debt	<u>\$ 521,766</u>	<u>\$ 519,700</u>

The security interests of the Housing and Redevelopment Authority of the City of St. Paul are subordinate to the security interest of Bremer Bank for the note agreement to purchase property in St. Paul, Minnesota.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 15,334
2017	19,120
2018	20,149
2019	203,106
2020	7,265
Thereafter	<u>557,506</u>
Total Long-Term Debt	822,480
Less: Current Portion	15,334
Less: Unamortized Discounts	<u>285,380</u>
Long-Term Portion	<u>\$ 521,766</u>

The Organization recorded interest and discount amortization expense in the amount of \$29,200 and \$22,732 for the years ended December 31, 2015 and 2014, respectively, which includes the amortization of the discount for loans with forgiven interest totaling \$17,233 and \$19,660 for the years ended December 31, 2015 and 2014, respectively.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 6 LINE AND LETTER OF CREDIT

Since 2009, the Organization has renewed a revolving line of credit with Bremer Bank. The current line of credit of \$400,000 matured on July 31, 2015. The Organization has since renewed the line of credit to advance up to \$400,000 at the same interest rate of 5.00% to mature on August 31, 2016. The line of credit had an advance rate of 5.00% at December 31, 2015. Borrowings are secured by the Organization's inventory, equipment, accounts receivable, and general intangibles. Advances under the line of credit were \$-0- as of December 31, 2015 and 2014.

The Organization also had an irrevocable standby letter of credit for an amount not to exceed \$20,000, and bearing interest at 5.00%. The letter of credit expires on August 31, 2016. Advances on the letter of credit were \$-0- at December 31, 2015 and 2014. The letter of credit reduced availability on the revolving line of credit by the full amount of the letter regardless of advances. Accordingly, only \$380,000 of the \$400,000 line of credit could have been advanced as of December 31, 2015 and 2014.

In 2015, the Organization received a grant from the City of St. Paul. As part of the grant agreement, the Organization is able to draw down on a loan in the amount of \$125,000 from the city in order to help with the construction costs for a new MN Latino Resource Center. As of December 31, 2015, the Organization has not made any draw requests.

NOTE 7 LEASE INCOME

The Organization receives rental income from various tenants with commitments signed through 2015. Future rental minimal lease payments expected to be received are as follows:

Year	Amount
2016	\$ 174,127

NOTE 8 OPERATING LEASES

The Organization rents one facility under a lease agreement that started in September 2006 and has been extended through October 2016. It leases another facility that began in May 2008 and was extended through April 2018. In September 2014, the Organization began a lease of a third facility that goes through October 2016. The rent expense for the years ended December 31, 2015 and 2014 was \$323,420 and \$278,516, respectively. The following is the future minimum lease payment schedule for the lease:

Year	Amount
2016	\$ 276,485
2017	40,922
2018	13,760
Total	\$ 331,167

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted

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

	2015	2014
Time Restricted:		
City of St. Paul Housing & Redevelopment Authority	\$ 466,568	\$ 341,568
Butler Family Foundation	-	20,000
The Minneapolis Foundation	100,000	-
Boston Scientific Foundation	20,000	-
Purpose Restricted:		
Employment Program:		
Allianz	-	6,250
Best Buy Foundation	-	12,500
Country Financial	-	15,000
The Minneapolis Foundation	-	50,000
Thrivent Financial for Lutherans	-	15,000
Ecolab Foundation	2,500	-
McKnight Foundation	-	82,500
Wells Fargo	13,333	-
Mardag Foundation	5,000	-
NCLR Foundation	15,278	-
Marbrook Foundation	-	15,000
Mental Health Program:		
Park Nicollet Foundation	10,000	-
Family Services Program:		
Women's Foundation of Minnesota	2,500	1,875
Health Program:		
Blue Cross Blue Shield of Minnesota Foundation	4,083	10,000
Susan G. Komen Foundation	-	16,596
UCare Foundation	-	50,000
Clearway Foundation	20,833	-
Medtronic	24,060	49,167
Education Program:		
Comcast Foundation	14,140	14,136
The McKnight Foundation	95,833	-
Northwest Area Foundation	22,500	-
Best Buy Foundation	10,000	-
Otto Bremer Foundation	31,250	18,750
Xcel Energy Foundation	-	12,500
National Council of La Raza	-	102,754
Cornell University	50,909	70,000
Richard M. Schulze Family Foundation	8,333	-
NCLR/JPMC Foundation	15,789	-
Youthprise	12,500	-
Capital Campaign:		
3M Foundation	7,892	7,892
Steven's Square Foundation	20,000	-
Comcast	15,000	-
Pohlad Family Foundation	50,000	-
Chemical Health:		
Butler Family Foundation	35,000	-
Administrative:		
Individuals	8,000	8,000
Vanguard Charitable	6,250	-
The Kresge Foundation	595,833	-
General Mills Foundation	30,000	25,000
Total	\$ 1,713,384	\$ 944,488

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net Assets Released from Restrictions

Net assets released from donor restrictions were as follows for the years ended December 31, 2015 and 2014:

	2015	2014
Time Restricted	\$ 20,000	\$ 197,500
Purpose Restricted:		
Employment Program	255,139	196,999
Mental Health Program	60,000	41,666
Family Services Program	14,375	37,500
Health Program	151,286	-
Education Program	231,888	114,166
Chemical Health	5,000	-
Aging Well	-	6,250
Administrative	87,916	35,000
Total	<u>\$ 825,604</u>	<u>\$ 629,081</u>

NOTE 10 IN-KIND SERVICES

The Organization receives in-kind services in the form of volunteer tutoring for English as a Second Language (ESL), Basic Literacy (in Spanish), Citizenship courses, CD Counseling, Outpatient Psychotherapy, Case Management, Interns, Child Care, and Clerical and Research work. In 2015 and 2014, the Organization received 19,108 and 19,556 volunteer hours, respectively, at estimated hourly rates of \$15 to \$25. The Organization also received in-kind donations of various supply items. Total in-kind services from course teachers and supply items, classified as program services expenses, totaled \$398,258 and \$387,125 during the years ended December 31, 2015 and 2014, respectively.

NOTE 11 RELATED PARTY TRANSACTIONS

During 2015, the Organization entered into a contract for consulting services with the Chair of the Board of Directors. The Organization paid out \$20,530 for services and expense reimbursements.

During 2015, the Organization also entered into a fiscal agency contract with a third party. The Chair of the Board of Directors also performs consulting services for this third-party organization and receives a payment of \$5,000 a month if the third party continues to raise the necessary funds. No payment related to this contract has been made by the Organization as of December 31, 2015.



CliftonLarsonAllen

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of Comunidades Latinas Unidas En Servicio, Inc. as of and for the years ended December 31, 2015 and 2014, and our report thereon dated May 2, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue and Expense by Program, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 2, 2016

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM - UNRESTRICTED
YEAR ENDED DECEMBER 31, 2015
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Chemical Health	Mental Health	Educational Achievement	Economic Vitality
SUPPORT AND REVENUE				
Government Grants	\$ 248,184	\$ 391,270	\$ 371,406	\$ 703,624
Contributions, Private Grants, and Special Events	25,000	34,961	26,629	292,099
Interest	-	-	-	-
Client Paid and Private Insurance	113,298	409,709	110	6,681
Rent Income	-	-	-	-
In-Kind Contributions	-	46,720	262,226	35,020
Miscellaneous Income	-	-	-	-
Net Assets Released from Restrictions	5,000	60,000	231,888	255,139
Total Support and Revenue	<u>391,482</u>	<u>942,660</u>	<u>892,259</u>	<u>1,292,563</u>
EXPENSE				
Salaries and Wages	242,349	612,504	306,079	547,748
Payroll Taxes and Fringe Benefits	64,084	137,807	83,671	161,593
Consultants and Professional Fees	13,156	30,588	38,436	23,790
Travel	1,636	7,308	3,072	7,711
Occupancy Costs	42,757	93,088	56,429	108,328
Supplies	8,639	3,281	20,097	14,812
Equipment Rental and Maintenance	3,881	8,880	5,084	10,792
Telephone	2,876	7,740	4,360	8,651
Insurance	2,285	5,016	3,033	5,824
Conferences and Training	1,374	5,313	7,406	16,231
Financial Assistance and Client Transportation	-	-	185	44,524
Subscriptions and Dues	1,320	1,760	1,554	17,026
Printing and Postage	2,092	3,841	2,637	5,816
Interest	-	-	-	-
Other	1,098	270	28,056	9,201
In-Kind Services	543	46,177	257,388	34,320
Depreciation	4,297	9,057	5,524	10,838
Total Expense before Capital Campaign	<u>392,387</u>	<u>972,630</u>	<u>823,011</u>	<u>1,027,205</u>
Program Development Cost Allocation	22,778	49,365	29,939	57,535
Administrative Expense Allocation	<u>66,311</u>	<u>143,153</u>	<u>87,006</u>	<u>167,132</u>
CHANGE IN NET ASSETS	<u>\$ (89,994)</u>	<u>\$ (222,488)</u>	<u>\$ (47,697)</u>	<u>\$ 40,691</u>

<u>Health Promotion</u>	<u>Aging Well Services</u>	<u>Family Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Capital Campaign & Fundraising</u>	<u>Total</u>
\$ 183,857	\$ 116,109	\$ 709,932	\$ 2,724,382	\$ -	\$ 15,000	\$ 2,739,382
338,549	107,129	192,629	1,016,996	329	78,607	1,095,932
-	-	-	-	25	-	25
-	304,889	185,146	1,019,833	5,224	-	1,025,057
-	-	-	-	150,075	-	150,075
7,734	-	14,563	366,263	28,891	3,104	398,258
-	-	-	-	26,130	-	26,130
151,286	-	14,375	717,688	-	107,916	825,604
<u>681,426</u>	<u>528,127</u>	<u>1,116,645</u>	<u>5,845,162</u>	<u>210,674</u>	<u>204,627</u>	<u>6,260,463</u>
235,430	208,061	552,691	2,704,862	493,420	203,921	3,402,203
70,641	63,523	149,447	730,766	89,528	2,681	822,975
10,107	20,097	46,996	183,170	90,736	23,491	297,397
16,337	6,259	23,850	66,173	2,754	549	69,476
47,415	51,361	97,693	497,071	40,134	16,762	553,967
37,470	62,697	5,609	152,605	23,323	2,420	178,348
4,141	3,434	8,054	44,266	4,592	1,979	50,837
5,117	5,576	11,758	46,078	4,660	1,713	52,451
2,876	2,547	5,126	26,707	43,665	1,372	71,744
2,745	2,801	8,865	44,735	7,924	1,697	54,356
-	21,291	1,070	67,070	-	-	67,070
-	2,978	149	24,787	7,121	3,299	35,207
2,815	1,495	4,716	23,412	3,099	4,473	30,984
-	-	-	-	29,200	-	29,200
472	194	289	39,580	7,963	2,298	49,841
2,739	-	14,059	355,226	28,889	3,103	387,218
4,489	4,575	10,242	49,022	149,271	2,683	200,976
<u>442,794</u>	<u>456,889</u>	<u>940,614</u>	<u>5,055,530</u>	<u>1,026,279</u>	<u>272,441</u>	<u>6,354,250</u>
25,174	22,527	52,438	259,756	-	(259,756)	-
<u>73,141</u>	<u>65,725</u>	<u>154,163</u>	<u>756,631</u>	<u>(744,207)</u>	<u>(12,424)</u>	<u>-</u>
<u>\$ 140,317</u>	<u>\$ (17,014)</u>	<u>\$ (30,570)</u>	<u>\$ (226,755)</u>	<u>\$ (71,398)</u>	<u>\$ 204,366</u>	<u>\$ (93,787)</u>