

**MI CASA RESOURCE CENTER  
AND CONSOLIDATED SUBSIDIARIES**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**MI CASA RESOURCE CENTER  
AND CONSOLIDATED SUBSIDIARIES**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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April 22, 2014

Independent Auditors' Report

Board of Directors  
Mi Casa Resource Center  
Denver, Colorado

We have audited the accompanying statement of financial position of **Mi Casa Resource Center and consolidated subsidiaries** which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mi Casa Resource Center and consolidated subsidiaries as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Mi Casa Resource Center's 2012 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated May 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The indirect cost rate calculation on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2014, on our consideration of Mi Casa Resource Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mi Casa Resource Center's internal control over financial reporting and compliance.

  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**MI CASA RESOURCE CENTER**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR 2012)

|  | 2013         | 2012         |
|--|--------------|--------------|
| <u>Assets</u>  |              |              |
| Cash and cash equivalents - unrestricted                           | \$ 125,440   | \$ 58,024    |
| Cash and cash equivalents - temporarily restricted                 | 754,290      | 451,565      |
| Cash held for others   | 33,621       | 17,500       |
| Fiscal agent fee receivable  | -            | 805          |
| Contributions receivable (unrestricted and temporarily restricted) | 581,887      | 382,417      |
| Grants and contracts receivable                                    | 130,812      | 166,405      |
| Prepaid expenses   | 27,707       | 32,011       |
| Investments  | 1,201        | -            |
| Net property and equipment (Note 3)                                | 2,032,290    | 2,135,828    |
| Total assets   | \$ 3,687,248 | \$ 3,244,555 |
| <br><u>Liabilities and net assets</u>                              |              |              |
| <u>Liabilities</u>   |              |              |
| Accounts payable   | \$ 75,851    | \$ 107,829   |
| Accrued payroll costs  | 55,457       | 59,593       |
| Cash due others  | 33,621       | 16,695       |
| Capital lease obligation (Note 4)                                  | 36,595       | 45,950       |
| Property taxes   | 2,818        | -            |
| Line-of-credit (Note 5)  | -            | -            |
| Notes payable (Note 6)   | 1,078,521    | 1,113,820    |
| Commitments (Note 7)   |              |              |
| Total liabilities  | 1,282,863    | 1,343,887    |
| <br><u>Net assets</u>  |              |              |
| <u>Unrestricted</u>  |              |              |
| Operating  | 262,127      | 118,639      |
| Net investment in fixed assets                                     | 917,174      | 976,058      |
| Temporarily restricted (Note 8)                                    | 1,225,084    | 805,971      |
| Total net assets   | 2,404,385    | 1,900,668    |
| Total liabilities and net assets                                   | \$ 3,687,248 | \$ 3,244,555 |

The accompanying notes are an integral part of these financial statements

**MI CASA RESOURCE CENTER**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(WITH COMPARATIVE TOTALS FOR 2012)**

|  | 2013                |                           |                     | 2012                |
|--|---------------------|---------------------------|---------------------|---------------------|
|  | Unrestricted        | Temporarily<br>Restricted | Total               | Total               |
| <u>Revenue and other support</u>                   |                     |                           |                     |                     |
| Foundations and trusts                             | \$ 165,998          | \$ 1,164,454              | \$ 1,330,452        | \$ 949,160          |
| Government grants and contracts                    | 753,237             | -                         | 753,237             | 807,192             |
| Contributions                                      | 150,685             | 16,482                    | 167,167             | 97,054              |
| United Way   | -                   | 117,500                   | 117,500             | 87,500              |
| Corporate donations                                | 34,579              | 80,035                    | 114,614             | 151,341             |
| Special events                                     | 111,565             | -                         | 111,565             | 83,612              |
| Less direct expenses                               | (71,174)            | -                         | (71,174)            | (43,294)            |
| Rental income                                      | 45,137              | -                         | 45,137              | 69,469              |
| Other contracts                                    | 33,944              | -                         | 33,944              | 65,759              |
| Social Enterprise Ventures - fee income            | 3,752               | -                         | 3,752               | -                   |
| All other  | 15,415              | -                         | 15,415              | 9,454               |
| In-kind contributions (Note 9)                     | 153,449             | -                         | 153,449             | 213,267             |
| Net assets released<br>from restrictions (Note 10) | 959,358             | (959,358)                 | -                   | -                   |
| Total revenue and other support                    | <u>2,355,945</u>    | <u>419,113</u>            | <u>2,775,058</u>    | <u>2,490,514</u>    |
| <u>Expense</u>                                     |                     |                           |                     |                     |
| Program services                                   |                     |                           |                     |                     |
| Youth  | 706,181             | -                         | 706,181             | 634,214             |
| Career   | 513,275             | -                         | 513,275             | 495,221             |
| Business   | 301,618             | -                         | 301,618             | 437,450             |
| Denver Green Jobs                                  | -                   | -                         | -                   | 64,688              |
| Total program services                             | 1,521,074           | -                         | 1,521,074           | 1,631,573           |
| Supporting services                                |                     |                           |                     |                     |
| Management and general                             | 558,271             | -                         | 558,271             | 569,675             |
| Fund-raising                                       | 143,133             | -                         | 143,133             | 108,281             |
| Total nonprofit expense                            | 2,222,478           | -                         | 2,222,478           | 2,309,529           |
| Social Enterprise Ventures expense                 | 48,863              | -                         | 48,863              | -                   |
| Total consolidated expenses                        | 2,271,341           | -                         | 2,271,341           | 2,309,529           |
| Change in net assets                               | 84,604              | 419,113                   | 503,717             | 180,985             |
| Net assets, beginning of year                      | 1,094,697           | 805,971                   | 1,900,668           | 1,719,683           |
| Net assets, end of year                            | <u>\$ 1,179,301</u> | <u>\$ 1,225,084</u>       | <u>\$ 2,404,385</u> | <u>\$ 1,900,668</u> |

The accompanying notes are an integral part of these financial statements

MI CASA RESOURCE CENTER

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

|                            | 2013                       |            |            |                        |                        |                     |                           |              |                            |              | 2012                       |            |            |                        |                        |                     |                           |              |                            |              |
|----------------------------|----------------------------|------------|------------|------------------------|------------------------|---------------------|---------------------------|--------------|----------------------------|--------------|----------------------------|------------|------------|------------------------|------------------------|---------------------|---------------------------|--------------|----------------------------|--------------|
|                            | Program Services           |            |            |                        |                        | Supporting Services |                           |              |                            |              | Program Services           |            |            |                        |                        | Supporting Services |                           |              |                            |              |
|                            | Youth & Family Development | Career     | Business   | Total Program Services | Management and General | Fund-raising        | Total Supporting Services | Sub-total    | Social Enterprise Ventures | Total        | Youth & Family Development | Career     | Business   | Total Program Services | Management and General | Fund-raising        | Total Supporting Services | Sub-total    | Social Enterprise Ventures | Total        |
| Salaries                   | \$ 380,946                 | \$ 291,302 | \$ 161,978 | \$ 834,226             | \$ 278,844             | \$ 93,777           | \$ 372,621                | \$ 1,206,847 | \$ 25,135                  | \$ 1,231,982 | \$ 380,946                 | \$ 291,302 | \$ 161,978 | \$ 834,226             | \$ 278,844             | \$ 93,777           | \$ 372,621                | \$ 1,206,847 | \$ 25,135                  | \$ 1,231,982 |
| Payroll taxes and benefits | 86,775                     | 58,619     | 33,285     | 178,679                | 50,401                 | 15,385              | 65,786                    | 244,465      | 4,705                      | 249,170      | 86,775                     | 58,619     | 33,285     | 178,679                | 50,401                 | 15,385              | 65,786                    | 244,465      | 4,705                      | 249,170      |
| Facilities                 | 147,866                    | 23,569     | 546        | 171,981                | 61,190                 | 1,911               | 63,101                    | 235,082      | 118                        | 235,200      | 147,866                    | 23,569     | 546        | 171,981                | 61,190                 | 1,911               | 63,101                    | 235,082      | 118                        | 235,200      |
| Programming                | 30,370                     | 44,455     | 46,424     | 121,249                | 18,045                 | 812                 | 18,857                    | 140,106      | -                          | 140,106      | 30,370                     | 44,455     | 46,424     | 121,249                | 18,045                 | 812                 | 18,857                    | 140,106      | -                          | 140,106      |
| Interest                   | 368                        | 20,162     | 10,569     | 31,099                 | 21,424                 | 2,772               | 24,196                    | 55,295       | 197                        | 55,492       | 368                        | 20,162     | 10,569     | 31,099                 | 21,424                 | 2,772               | 24,196                    | 55,295       | 197                        | 55,492       |
| Supplies                   | 18,573                     | 9,411      | 9,900      | 37,884                 | 9,928                  | 790                 | 10,718                    | 48,602       | 865                        | 49,467       | 18,573                     | 9,411      | 9,900      | 37,884                 | 9,928                  | 790                 | 10,718                    | 48,602       | 865                        | 49,467       |
| Communications             | 13,513                     | 11,416     | 4,673      | 29,602                 | 11,050                 | 813                 | 11,863                    | 41,465       | 2,731                      | 44,196       | 13,513                     | 11,416     | 4,673      | 29,602                 | 11,050                 | 813                 | 11,863                    | 41,465       | 2,731                      | 44,196       |
| Equipment                  | 1,783                      | 10,290     | 4,844      | 16,917                 | 1,819                  | 268                 | 2,087                     | 19,004       | 10,409                     | 29,413       | 1,783                      | 10,290     | 4,844      | 16,917                 | 1,819                  | 268                 | 2,087                     | 19,004       | 10,409                     | 29,413       |
| Insurance                  | 5,828                      | 5,053      | 2,215      | 13,096                 | 5,080                  | 607                 | 5,687                     | 18,783       | 38                         | 18,821       | 5,828                      | 5,053      | 2,215      | 13,096                 | 5,080                  | 607                 | 5,687                     | 18,783       | 38                         | 18,821       |
| Staff training             | 3,076                      | 3,144      | 2,911      | 9,131                  | 8,265                  | 540                 | 8,805                     | 17,936       | 50                         | 17,986       | 3,076                      | 3,144      | 2,911      | 9,131                  | 8,265                  | 540                 | 8,805                     | 17,936       | 50                         | 17,986       |
| Bank charges               | 252                        | 101        | 95         | 448                    | 12,581                 | 3,900               | 16,481                    | 16,929       | 308                        | 17,237       | 252                        | 101        | 95         | 448                    | 12,581                 | 3,900               | 16,481                    | 16,929       | 308                        | 17,237       |
| Travel                     | 4,718                      | 2,461      | 3,653      | 10,832                 | 3,625                  | 417                 | 4,042                     | 14,874       | 228                        | 15,102       | 4,718                      | 2,461      | 3,653      | 10,832                 | 3,625                  | 417                 | 4,042                     | 14,874       | 228                        | 15,102       |
| Professional services      | 3,243                      | 3,953      | 4,854      | 12,050                 | -                      | -                   | -                         | 12,050       | -                          | 12,050       | 3,243                      | 3,953      | 4,854      | 12,050                 | -                      | -                   | -                         | 12,050       | -                          | 12,050       |
| Bad debts                  | -                          | -          | -          | -                      | -                      | -                   | -                         | -            | -                          | -            | -                          | -          | -          | -                      | -                      | -                   | -                         | -            | -                          | -            |
| Printing                   | 4,387                      | 1,637      | 2,036      | 8,060                  | 1,905                  | 945                 | 2,850                     | 10,910       | 1                          | 10,911       | 4,387                      | 1,637      | 2,036      | 8,060                  | 1,905                  | 945                 | 2,850                     | 1            | 10,911                     |              |
| Dues and memberships       | 881                        | 1,535      | 1,511      | 3,927                  | 3,833                  | 1,485               | 5,318                     | 9,245        | 5                          | 9,250        | 881                        | 1,535      | 1,511      | 3,927                  | 3,833                  | 1,485               | 5,318                     | 9,245        | 5                          | 9,250        |
| Software                   | -                          | -          | -          | -                      | 2,766                  | 4,695               | 7,461                     | 7,461        | 1,377                      | 8,838        | -                          | -          | -          | -                      | 2,766                  | 4,695               | 7,461                     | 7,461        | 1,377                      | 8,838        |
| Marketing                  | -                          | -          | 497        | 497                    | 1,645                  | -                   | 1,645                     | 2,142        | 2,586                      | 4,728        | -                          | -          | 497        | 497                    | 1,645                  | -                   | 1,645                     | 2,142        | 2,586                      | 4,728        |
| Property taxes             | -                          | -          | -          | -                      | 3,175                  | -                   | 3,175                     | 3,175        | -                          | 3,175        | -                          | -          | -          | -                      | 3,175                  | -                   | 3,175                     | 3,175        | -                          | 3,175        |
| Postage                    | 445                        | 327        | 471        | 1,243                  | 1,264                  | 524                 | 1,788                     | 3,031        | -                          | 3,031        | 445                        | 327        | 471        | 1,243                  | 1,264                  | 524                 | 1,788                     | -            | 3,031                      |              |
| Moving                     | -                          | -          | 150        | 150                    | -                      | -                   | -                         | 150          | -                          | 150          | -                          | -          | 150        | 150                    | -                      | -                   | -                         | 150          | -                          | 150          |
| Pueblo office closure      | -                          | -          | -          | -                      | -                      | -                   | -                         | -            | -                          | -            | -                          | -          | -          | -                      | -                      | -                   | -                         | -            | -                          | -            |
| Other                      | -                          | -          | -          | -                      | 71                     | -                   | 71                        | 71           | -                          | 71           | -                          | -          | -          | -                      | 71                     | -                   | 71                        | 71           | -                          | 71           |
| Depreciation               | 703,024                    | 487,435    | 290,612    | 1,481,071              | 496,911                | 141,060             | 637,971                   | 2,119,042    | 48,753                     | 2,167,795    | 703,024                    | 487,435    | 290,612    | 1,481,071              | 496,911                | 141,060             | 637,971                   | 2,119,042    | 48,753                     | 2,167,795    |
|                            | 3,157                      | 25,840     | 11,006     | 40,003                 | 61,360                 | 2,073               | 63,433                    | 103,436      | 110                        | 103,546      | 3,157                      | 25,840     | 11,006     | 40,003                 | 61,360                 | 2,073               | 63,433                    | 103,436      | 110                        | 103,546      |
| Total expenses             | \$ 706,181                 | \$ 513,275 | \$ 301,618 | \$ 1,521,074           | \$ 558,271             | \$ 143,133          | \$ 701,404                | \$ 2,222,478 | \$ 48,863                  | \$ 2,271,341 | \$ 706,181                 | \$ 513,275 | \$ 301,618 | \$ 1,521,074           | \$ 558,271             | \$ 143,133          | \$ 701,404                | \$ 2,222,478 | \$ 48,863                  | \$ 2,271,341 |

The accompanying notes are an integral part of these financial statements

**MI CASA RESOURCE CENTER**  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

|   | 2013       | 2012       |
|---|------------|------------|
| <u>Cash flows from operating activities</u>   |            |            |
| Change in net assets  | \$ 503,717 | \$ 180,985 |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities |            |            |
| Depreciation  | 103,546    | 110,506    |
| (Gain) on leased copier exchange  |            | (3,880)    |
| Donated investments   | (1,201)    |            |
| <u>Changes in operating assets and liabilities</u>  |            |            |
| (Increase)decrease in contributions receivable  | (70,941)   | (210,114)  |
| (Increase)decrease in grants receivable   | (92,936)   | 52,868     |
| (Increase)decrease in fiscal agent fee receivable   | 805        | (850)      |
| (Increase)decrease in prepaid expenses  | 4,304      | (15,425)   |
| Increase(decrease) in accounts payable  | (31,986)   | 55,249     |
| Increase(decrease) in cash due others   | 16,926     | 16,695     |
| Increase(decrease) in payroll accruals  | (4,136)    | 11,503     |
| Increase(decrease) in property taxes payable  | 2,818      | -          |
| Net cash provided by operating activities   | 430,916    | 197,537    |
| <br><u>Cash flows from financing activities</u>   |            |            |
| (Repayment) on capital lease obligation   | (9,355)    | (11,665)   |
| (Repayment) on notes payable  | (35,299)   | (73,845)   |
| Net cash provided(used) by financing activities   | (44,654)   | (85,510)   |
| <br>Net increase in cash and cash equivalents   | 386,262    | 112,027    |
| <br>Cash and cash equivalents, beginning of year  | 527,089    | 415,062    |
| Cash and cash equivalents, end of year  | \$ 913,351 | \$ 527,089 |
| <br><u>Supplemental disclosure of information:</u>  |            |            |
| Cash paid during the period for interest  | \$ 55,492  | \$ 56,736  |
| Property acquired through a capital lease   | \$ -       | \$ 51,152  |

The accompanying notes are an integral part of these financial statements



**MI CASA RESOURCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 - NATURE OF ACTIVITIES**

Mi Casa Resource Center (the Organization) was founded in 1976 to create new educational and employment opportunities for low-income families to achieve economic self-sufficiency. The Organization is supported primarily by foundation grants, government contracts, as well as by individual and corporate donations. The Organization provides services within the program framework outlined below:

**Career Development**

Mi Casa's Career Development programs offer basic career-readiness training, as well as sector-focused training programs for workers with limited skills and education to prepare them for careers with strong earning and advancement potential in growth industries. For all participants who enroll in career and customer service programs, Mi Casa provides a core curriculum of career readiness, life skills, as well as career coaching, job placement assistance and case management to address each individual's unique challenges. Participants who meet requirements have the option of enrolling in one of two technical, sector-focused training programs focused on banking and financial services and healthcare.

**Youth & Family Development**

Mi Casa's Youth & Family Development programs offer out-of-school time enrichment for low-income, mostly Latino youth in middle and high school focused on academic success, technology learning, leadership development, career exploration, college prep and entrepreneurship/financial literacy. Parental engagement is encouraged through participation in family events and evening classes for adults. For the youth and families most at-risk (for academic failure, substance abuse, pregnancy or violence) Mi Casa offers a program of intensive case management and prevention designed to decrease risk factors, provide mentorship, and support academic achievement.

**Business Development**

Mi Casa's Business Development programs enable aspiring entrepreneurs and emerging businesses – particularly those owned by women and Latinos – to access comprehensive, bilingual business education, expert technical assistance, and networking opportunities. Business Development programs equip new entrepreneurs with the skills and knowledge needed to successfully launch a business, and create a business plan. Mi Casa also provides consulting services to existing businesses to help them overcome targeted issues or grow their operations to the next level. Mi Casa also offers workshops and networking opportunities focused on relevant business topics including computer literacy, social media, email marketing, and strategies to access capital or contract with the government.

**Economic Advancement Services**

In order to support participants in Mi Casa's programs to overcome the root causes of poverty to be successful in education, employment and entrepreneurship, Mi Casa offers a suite of economic advancement programs. In partnership with other organizations, Mi Casa offers on-site financial counseling and free tax preparation. Mi Casa also offers GED preparation courses, English as a second language classes, bilingual computer literacy courses, legal support events, and more.

NOTE 1 - NATURE OF ACTIVITIES (Concluded)

**Social Enterprise**

Mi Casa has two social enterprise initiatives that exist to generate revenue that is reinvested in Mi Casa's nonprofit programs. Mi Casa TalentSource is a full service staffing agency specializing in bilingual and diverse talent. Mi Casa Financial Services is a bookkeeping and accounting business that focuses on serving nonprofit organizations and small businesses. These Initiatives have been established as separate entities wholly owned by Mi Casa Resource Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Accounts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

5. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

6. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$5,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements. The Organization's Federal Return of Organization Exempt From Income Tax (Form 990) is subject to examination by the IRS, generally for three years after filing. The Organization is the sole shareholder of two social enterprise ventures. Those ventures were formed in 2013 and are subject to income taxes. However, in 2013, both organizations had net operating losses and no taxes are due.

9. Functional Reporting of Expenses

For the year ended December 31, 2013, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

11. Principles of Consolidation

The consolidated financial statements include the accounts of Mi Casa Resource Center, Mi Casa TalentSource and Mi Casa Financial Services. All material inter-organization transactions have been eliminated.

12. Subsequent Events

Management has evaluated subsequent events through April 22, 2014, the date the financial statements were available for distribution.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| <u>Description</u>             | <u>Amount</u>       |
|--------------------------------|---------------------|
| Land                           | \$ 176,300          |
| Building and improvements      | 2,716,693           |
| Furniture and equipment        | 66,958              |
| Leased equipment               | 88,759              |
| Vehicles                       | <u>24,500</u>       |
| Total                          | 3,073,210           |
| Less: accumulated depreciation | <u>(1,040,920)</u>  |
| Net property and equipment     | <u>\$ 2,032,290</u> |

Depreciation expense for the year was \$103,616.

Additionally, in 2013 the Organization entered into agreements to lease office space to five other organizations. Based on current commitments, revenues are expected as follows:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2014        | <u>\$ 25,352</u> |

NOTE 4 - CAPITAL LEASE OBLIGATION

The Organization has acquired office equipment under capital leasing arrangements. The future minimum lease payments are:

| <u>Year</u>                                | <u>Amount</u>    |
|--|------------------|
| 2014                                       | \$ 11,892        |
| 2015                                       | 11,892           |
| 2016                                       | 11,892           |
| 2017                                       | <u>4,955</u>     |
| Total                                      | 40,631           |
| Less: amount representing interest         | <u>(4,036)</u>   |
| Present value of capital lease obligations | <u>\$ 36,595</u> |

NOTE 5 - LINE OF CREDIT

At year-end there is a \$0 balance on a line-of-credit with a \$75,000 maximum. The line is unsecured, matures on July 31, 2014 and interest accrues at the bank prime rate plus 1.55%. At year-end the interest rate was 5.00%.

NOTE 6 - NOTES PAYABLE

In 2002, the Organization negotiated two loans to purchase the building at 360 Acoma. The loan amounts were for \$1,207,500 and \$475,000 with interest rates at 7.36% and 3.00% respectively. The smaller loan, through the city and county of Denver is due in full on December 1, 2017.

In 2013, the larger loan was refinanced. The new loan is for \$811,031 and bears interest at 5.00%. Monthly payments of \$5,389 began in March of 2013 and a balloon payment of \$511,791 is due in February 2023.

The future scheduled maturities are:

| <u>Year</u>    | <u>Amount</u>       |
|----------------|---------------------|
| 2014           | \$ 45,910           |
| 2015           | 47,841              |
| 2016           | 49,858              |
| 2017           | 263,120             |
| 2018 and after | <u>671,792</u>      |
| Total          | <u>\$ 1,078,521</u> |

NOTE 7 - LEASE COMMITMENTS

The Organization has acquired a copier under an operating lease arrangement. Total lease payments on the lease are \$12,432. The future minimum lease payments remaining are as follows:

| <u>Year</u> | <u>Amount</u>   |
|-------------|-----------------|
| 2014        | \$ 2,486        |
| 2015        | <u>622</u>      |
| Total       | <u>\$ 3,108</u> |

During 2013, the Organization entered into an agreement to lease program space in Northeast Denver from the Boys and Girls Clubs of Metro Denver. Under the terms of that agreement the Organization pays \$1 per month for the space. The lease agreement ends on August 31, 2014.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted nets assets are available for the following purpose:

| <u>Description</u>         | <u>Amount</u>       |
|----------------------------|---------------------|
| NE Park Hill               | \$ 452,152          |
| Career development         | 370,522             |
| Youth development          | 241,923             |
| Social enterprise ventures | 114,638             |
| Business development       | 27,833              |
| Adult services             | 17,069              |
| Leadership development     | <u>947</u>          |
| Total                      | <u>\$ 1,225,084</u> |

NOTE 9 - IN-KIND CONTRIBUTIONS

Donated services and materials are reflected in the accompanying financial statements at their estimated values at date of receipt:

| <u>Description</u>                          | <u>Amount</u>     |
|---|-------------------|
| Donated space in schools for youth programs | \$ 146,467        |
| Donated services                            | 3,801             |
| Donated software, supplies and materials    | <u>3,181</u>      |
| Total                                       | <u>\$ 153,449</u> |

Additionally, the Organization receives substantial donated services not requiring specialized skills, and so, are not valued on the face of these financial statements. During the year, these volunteers donated more than 3,500 hours of service.

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

| <u>Description</u>         | <u>Amount</u>     |
|----------------------------|-------------------|
| Career development         | \$ 458,137        |
| Youth development          | 200,398           |
| Adult services             | 138,861           |
| Business development       | 82,298            |
| Social enterprise ventures | 45,362            |
| NE Park Hill               | 33,368            |
| Leadership development     | <u>934</u>        |
| Total                      | <u>\$ 959,358</u> |

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization places most of its cash with one financial institution. Amounts over \$250,000 are not insured by the FDIC or related entity.

NOTE 12 - PENSION PLAN

The Organization has established a 403(b) retirement plan. Employee contributions are matched up to 2% of gross wages. Pension expense for the year was \$15,306.

**SUPPLEMENTARY INFORMATION**



**Mi Casa Resource Center**

Indirect Cost Agreement calculations for the year ended December 31, 2013

| Category                       | (A)<br>Total Costs | (B)<br>Total Direct<br>Program Costs | (C)<br>Unallowable<br>Program Costs | (D)<br>Allowable<br>Program Costs<br>(B) - (C) | (E)<br>General<br>Administrative<br>Fundraising<br>Costs (A) - (B) | (F)<br>Adjustments to Indirect Costs |                      | (H)<br>Allowable<br>Indirect Costs<br>(E) - (F) - (G) |
|--------------------------------|--------------------|--------------------------------------|-------------------------------------|--|--|--------------------------------------|----------------------|---|
|                                |                    |                                      |                                     |  |  | Fundraising<br>Costs                 | Unallowable<br>Costs |   |
| Salaries                       | 1,206,847          | 834,226                              |                                     | 834,226  | 372,621  | (93,777)                             |                      | 278,844   |
| Payroll taxes and benefits     | 244,465            | 178,679                              |                                     | 178,679  | 65,786   | (15,385)                             |                      | 50,401  |
| Facilities                     | 235,082            | 171,981                              |                                     | 171,981  | 63,101   | (1,911)                              |                      | 61,190  |
| Programming                    | 140,106            | 121,249                              | (175)                               | 121,074  | 18,857   | (812)                                | (307)                | 17,738  |
| Interest                       | 55,295             | 31,099                               | (31,099)                            | 0  | 24,196   | (2,770)                              | (21,425)             | 0   |
| Supplies                       | 48,602             | 37,884                               |                                     | 37,884   | 10,718   | (790)                                |                      | 9,928   |
| Communications                 | 41,465             | 29,602                               |                                     | 29,602   | 11,863   | (813)                                |                      | 11,050  |
| Equipment-non capital          | 19,004             | 16,917                               |                                     | 16,917   | 2,087  | (268)                                |                      | 1,820   |
| Insurance                      | 18,783             | 13,096                               |                                     | 13,096   | 5,687  | (607)                                |                      | 5,080   |
| Staff training and development | 17,936             | 9,131                                |                                     | 9,131  | 8,805  | (540)                                | (713)                | 7,552   |
| Bank charges                   | 16,929             | 448                                  |                                     | 448  | 16,481   | (3,900)                              | (5,044)              | 7,537   |
| Travel                         | 14,874             | 10,832                               |                                     | 10,832   | 4,042  | (417)                                |                      | 3,625   |
| Professional services          | 12,050             | 12,050                               |                                     | 12,050   | -  | -                                    |                      | -   |
| Bad debts expense              | 11,419             | -                                    |                                     | -  | 11,419   | (11,419)                             |                      | -   |
| Printing, copier               | 10,910             | 8,060                                |                                     | 8,060  | 2,850  | (945)                                |                      | 1,905   |
| Dues and memberships           | 9,245              | 3,927                                |                                     | 3,927  | 5,318  | (1,485)                              |                      | 3,833   |
| Software                       | 7,461              | -                                    |                                     | -  | 7,461  | (4,695)                              |                      | 2,766   |
| Property taxes                 | 3,175              | -                                    |                                     | -  | 3,175  | -                                    |                      | 3,175   |
| Postage                        | 3,031              | 1,243                                |                                     | 1,243  | 1,788  | (524)                                |                      | 1,265   |
| Marketing                      | 2,142              | 497                                  |                                     | 497  | 1,645  | -                                    |                      | 1,645   |
| Moving, equipment repair       | 150                | 150                                  |                                     | 150  | -  | -                                    |                      | -   |
| Other                          | 71                 | -                                    |                                     | -  | 71   | -                                    |                      | 71  |
| Depreciation                   | 103,436            | 40,003                               | (11,696)                            | 28,307   | 63,433   | (2,073)                              | (15,914)             | 45,446  |
| Total expenses                 | 2,222,478          | 1,521,074                            | (42,970)                            | 1,478,103                                      | 701,404  | (143,131)                            | (43,403)             | 514,870   |

Direct Cost Pool calculation:  
total direct program costs (D)  
add fundraising costs (F)

Direct Cost Pool 1,621,234 (I)  
allowable indirect/direct cost pool requested rate 31.8% (H)/(I)  
19.5%