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CENTRO PRESENTE, INC.

Financial Statements

Year Ended December 31, 2013

CENTRO PRESENTE, INC.

Financial Statements

December 31, 2013

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Independent Auditors' Report

To the Board of Directors
Centro Presente, Inc.
Somerville, Massachusetts

We have audited the accompanying financial statements of Centro Presente, Inc. (a nonprofit organization), 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 financial statements that are free from material misstatement, whether due to fraud or error.

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. Those standards require that we plan and perform the audit 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centro Presente, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Centro Presente, Inc.'s 2012 financial statements, and our report dated June 6, 2013, expressed an unmodified opinion on those audited financial statements. 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.

NE Kelly & Associates LLC

NE Kelly & Associates, LLC
Boston, Massachusetts
April 25, 2014

CENTRO PRESENTE, INC.

Statement of Financial Position

As of December 31, 2013

(with comparative totals as of December 31, 2012)

	<u>2013</u>	<u>2012</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 233,282	\$ 345,325
Accounts receivable	6,750	24,850
Prepaid expenses and other	22,501	18,573
Furniture and equipment, net	<u>1,141</u>	<u>8,932</u>
<i>Total assets</i>	<u>\$ 263,674</u>	<u>\$ 397,680</u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
Accounts payable	\$ 6,855	\$ 1,288
Accrued expenses	9,353	10,011
Deferred revenue	<u>72,085</u>	<u>70,385</u>
<i>Total liabilities</i>	<u>88,293</u>	<u>81,684</u>
<i>Net assets</i>		
Unrestricted	42,115	166,480
Temporarily restricted	<u>133,266</u>	<u>149,516</u>
<i>Total net assets</i>	<u>175,381</u>	<u>315,996</u>
<i>Total liabilities and net assets</i>	<u>\$ 263,674</u>	<u>\$ 397,680</u>

The accompanying notes are an integral part of these financial statements.

CENTRO PRESENTE, INC.

Statement of Activities

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
<i>Revenue and support</i>				
Grants and contributions	\$ 204,450	\$ 3,750	\$ 208,200	\$ 267,728
Program revenue	160,103	-	160,103	159,865
Interest income	86	-	86	160
Net assets released from restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
<i>Total revenue and support</i>	<u>384,639</u>	<u>(16,250)</u>	<u>368,389</u>	<u>427,753</u>
<i>Expenses</i>				
Program services	316,220	-	316,220	389,325
General and administration	169,363	-	169,363	153,286
Fundraising	<u>23,421</u>	<u>-</u>	<u>23,421</u>	<u>25,488</u>
<i>Total expenses</i>	<u>509,004</u>	<u>-</u>	<u>509,004</u>	<u>568,099</u>
<i>Change in net assets</i>	<u>(124,365)</u>	<u>(16,250)</u>	<u>(140,615)</u>	<u>(140,346)</u>
<i>Net assets, beginning</i>	<u>166,480</u>	<u>149,516</u>	<u>315,996</u>	<u>456,342</u>
<i>Net assets, ending</i>	<u>\$ 42,115</u>	<u>\$ 133,266</u>	<u>\$ 175,381</u>	<u>\$ 315,996</u>

The accompanying notes are an integral part of these financial statements.

CENTRO PRESENTE, INC.

Statement of Cash Flows

For the Year Ended December 31, 2013

(with comparative totals for the year ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ (140,615)	\$ (140,346)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	7,791	7,364
Change in:		
Accounts receivable	18,100	(9,373)
Prepaid expenses	(3,928)	6
Accounts payable and accrued expenses	4,909	(1,097)
Deferred revenue	<u>1,700</u>	<u>(1,402)</u>
Net cash used in operating activities	<u>(112,043)</u>	<u>(144,848)</u>
Net change in cash and cash equivalents	(112,043)	(144,848)
<i>Cash and cash equivalents, beginning</i>	<u>345,325</u>	<u>490,173</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 233,282</u>	<u>\$ 345,325</u>

CENTRO PRESENTE, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

	<u>Education for</u>	<u>Community</u>	<u>Legal</u>	<u>Total</u>	<u>Fundraising</u>	<u>General and</u>	<u>2013</u>	<u>2012</u>
	<u>Empowerment</u>	<u>Organizer</u>	<u>Immigration</u>	<u>Program</u>	<u>Services</u>	<u>Administration</u>	<u>Total</u>	<u>Total</u>
Salaries and related expenses	\$ -	\$ 127,893	\$ 60,144	\$ 188,037	\$ 11,009	\$ 136,779	\$ 335,825	\$ 371,097
Audit	-	-	-	-	-	8,400	8,400	8,400
Consultants	1,461	8,494	8,674	18,629	1,194	2,116	21,939	27,134
Depreciation expenses	1,558	1,558	1,558	4,674	1,558	1,559	7,791	7,364
Dues and subscriptions	-	936	-	936	-	-	936	500
Equipment and repairs	-	5,673	2,086	7,759	586	4,171	12,516	11,353
Office supplies	126	1,429	1,779	3,334	5	1,157	4,496	4,306
Insurance	224	383	1,104	1,711	105	139	1,955	1,883
Printing and postage	78	440	4,952	5,470	992	1,121	7,583	10,460
Program supplies	58	290	-	348	-	-	348	834
Publicity and outreach	-	7,184	850	8,034	-	-	8,034	12,286
Rent	14,529	24,823	15,250	54,602	6,781	9,132	70,515	77,617
Special events	-	6,739	-	6,739	-	-	6,739	6,809
Staff travel and conferences	-	1,449	-	1,449	-	-	1,449	4,853
Security services	168	288	173	629	79	106	814	779
Training and education	-	700	388	1,088	-	-	1,088	424
Telephone	-	4,086	1,202	5,288	301	2,403	7,992	7,992
Miscellaneous	24	694	458	1,176	22	1,216	2,414	5,103
Utilities	1,691	2,889	1,737	6,317	789	1,064	8,170	8,905
Total expenses	<u>\$ 19,917</u>	<u>\$ 195,948</u>	<u>\$ 100,355</u>	<u>\$ 316,220</u>	<u>\$ 23,421</u>	<u>\$ 169,363</u>	<u>\$ 509,004</u>	<u>\$ 568,099</u>

The accompanying notes are an integral part of these financial statements.

CENTRO PRESENTE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

Note 1 - Organization

Centro Presente, Inc. (“the Organization”) was incorporated as a not-for-profit organization in Massachusetts in 1982. The purpose of the Organization is to help Central and Latin American immigrants develop the ability to determine their individual and collective futures locally and nationally. Operated and directed primarily by Central Americans, the Organization empowers Latin American immigrant communities in greater Boston through the promotion of civic and democratic participation, leadership development, education and legal immigration services.

The Organization has four programs: 1) *Education for Empowerment*, 2) *Pintamos Nuestro Mundo*, 3) *Legal Immigration and Translation Services*, and 4) *Community Organizing, Leadership Development and Advocacy Work*.

- 1) ***Education for Empowerment*** provides English as a second language (ESL), literacy, US civic and citizenship classes, basic Spanish classes and computer literacy classes. This program helps participants improve work and life opportunities by increasing native literacy and English proficiency. The citizenship and civic participation classes help students integrate into their adopted society through the study of history and civics.
- 2) ***Pintamos Nuestro Mundo*** (“We Paint Our World”) is a youth arts and leadership development program for latino immigrant youths ages 11-18. Through the arts, the students cultivate civic participation and promote positive cultural and personal understanding.
- 3) ***Legal Immigration and Translation Services*** helps over 2,500 latino immigrants process immigration paperwork to help them remain and work in the United States.

On May 20, 1996, the U.S Citizenship and Immigrant Services (“USCIS”), formerly INS, the U.S. Immigration and Naturalization Services, issued Interim Regulations implementing the Nicaraguan Adjustment and Central American Relief Act (“NACARA”). Passed in 1997, the NACARA gives Salvadorans and Guatemalans the right to apply for permanent residence in the United States if they meet the following conditions:

- a. They applied for ABC or Temporary Protection Status prior to 1991, or filed for asylum prior to April 1, 1990
- b. They have remained continuously in the United States for the last 7 years
- c. They have good moral character; and
- d. They can demonstrate that they would suffer extreme hardship if they were deported.

Under the terms of the new regulations, all Salvadorans and Guatemalans who are members of the ABC class will be presumed to suffer extreme hardship if they are deported.

This program provides services in the following areas:

- a. Section 203 of NACARA, Suspension of Deportation/Cancellation of Removal for qualified Salvadorans and Guatemalans

CENTRO PRESENTE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

Note 1 - Organization (Continued)

- b. ABC Political Asylum Program - work permit renewals, family additions and other maintenance services to keep political asylum petitions current and up-to-date
 - c. Temporary Protection Status - Salvadorans and Hondurans
 - d. Legalization Services - adjustment of status, family petitions, residency renewal and citizenship to all eligible immigrants.
- 4) **Community Organizing, Leadership Development and Advocacy Work** is a program with the following core competencies: legal and educational campaigns, member led workgroups to organize the community around immigration issues and education programs focusing on immigration and other related topics. The program also sponsors grassroots cultural events celebrating Latin American native traditions.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under *Financial Statements of Not-for-Profit Organizations*, 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.

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - include funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified, and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - include resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permit the Organization to expend part or all of the income derived from the donated assets. The Organization did not have any permanently restricted net assets at December 31, 2013.

CENTRO PRESENTE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost, or, if donated, at fair market value at date of receipt. Maintenance, repairs and minor renewals are expensed as incurred and major renewals are capitalized. The Organization's policy is to capitalize costs over \$1,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3-5 years
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Contributions, Gifts, and Grants

The Organization follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, Accounting for Contributions Received and Contributions Made. This financial accounting standard requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until restriction conditions are satisfied, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

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

CENTRO PRESENTE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization reports gifts of land, building, and equipment as unrestricted support unless 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.

Contributed Goods and Services

The Organization records various types of in kind support including contributed facilities, professional services, and advertising and materials. Contributed professional services are recognized if the services received: (a) create or enhance long-lived assets, or (b) require specialized skills, or is provided by individuals possessing those skills, or would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financials and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Summarized Comparative 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 accounting principles generally accepted in the United States of America. 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.

CENTRO PRESENTE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the United States Internal Revenue Code and is determined to be an organization which is not a private foundation and, accordingly, does not provide for federal income taxes. The Organization is also exempt from Massachusetts income tax.

The Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

Note 3 - Property and Equipment

At December 31, 2013 and 2012 property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Furniture and fixtures	\$ 49,997	\$ 49,997
Less accumulated depreciation	<u>(48,856)</u>	<u>(41,065)</u>
	<u>\$ 1,141</u>	<u>\$ 8,932</u>

Depreciation expense was \$7,791 and \$7,364 for the years ended December 31, 2013 and 2012, respectively.

Note 4 - Grants and Other Receivables

Grants and other receivables balances at December 31, 2013 and 2012 are expected to be collected in full within one year; therefore, no allowance for doubtful accounts has been recorded against those balances.

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets in the amount of \$133,266 represent \$129,516 in funds received which are restricted for capital projects, and \$3,750 in grant funding with time restrictions.

Note 6 - Concentration of Credit Risk

The Organization maintains its cash balances in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

CENTRO PRESENTE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2013

(with summarized comparative totals for the year ended December 31, 2012)

Note 7 - Leases

The Organization rents office space as a tenant-at-will. Rent expense was \$70,515 and \$77,617 for the years ended December 31, 2013 and 2012, respectively, and included approximately taxes and common area maintenance charges of \$16,515 and \$23,617 for the years ended December 31, 2013 and 2012, respectively.

Note 8 - Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense incurred by the Organization for the year ended December 31, 2013 and 2012 were \$8,034 and \$12,286, respectively.

Note 9 - Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the current year presentation.

Note 10 - Subsequent Events

Subsequent events have been evaluated through April 25, 2014, which is the date the financial statements were available to be issued.