

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

Financial Statements and  
Independent Auditor's Report

Years Ended June 30, 2016 and 2015

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**JUNE 30, 2016 AND 2015**

**TABLE OF CONTENTS**

	<u>Page Number</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses – 2016	5
Statement of Functional Expenses – 2015	6
Statements of Cash Flows	7
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>8</b>

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
AVANCE- Dallas, Inc.  
2060 Singleton Blvd., Suite 103  
Dallas, Texas 75212

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AVANCE- Dallas, Inc. (AVANCE- Dallas), a Texas nonprofit organization, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, 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.

### **Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 AVANCE- Dallas as of June 30, 2016 and 2015, 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.

Houston, Texas  
November 8, 2016

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

ASSETS:	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	\$ 155,478	\$ 298,545
Certificates of deposit	80,702	80,669
Grants receivable and reimbursable grant expenses	266,523	75,000
Other receivables and deposits	30,000	6,250
Prepaid items	34,229	26,844
Due from affiliate	-	39,632
Total current assets	566,932	526,940
NONCURRENT ASSETS:		
Property and equipment, net	11,990	37,182
Total noncurrent assets	11,990	37,182
<b>TOTAL ASSETS</b>	<b>\$ 578,922</b>	<b>\$ 564,122</b>
LIABILITIES AND NET ASSETS:		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 60,871	\$ 78,401
Due to affiliate	-	4,730
Total current liabilities	60,871	83,131
<b>TOTAL LIABILITIES</b>	<b>60,871</b>	<b>83,131</b>
NET ASSETS:		
Unrestricted	213,403	338,393
Temporarily restricted	304,648	142,598
<b>TOTAL NET ASSETS</b>	<b>518,051</b>	<b>480,991</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 578,922</b>	<b>\$ 564,122</b>

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

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
Change in Unrestricted Net Assets		
Revenue and Other Support		
Contributions and other support:		
Contributions and other support	\$ 248,834	\$ 676,568
United Way	734,205	670,641
Fundraising events, net of direct expenses	75,394	41,960
In-kind contributions	-	66,560
Interest	107	122
Total Revenue and Other Support Before Net Assets Released	1,058,540	1,455,851
Net assets released from restrictions	1,597,527	906,360
Total Revenue and Other Support	2,656,067	2,362,211
Expenses		
Program services	2,319,502	2,047,861
Supporting services:		
General and administrative	276,665	243,183
Fundraising	184,890	91,870
Total Expenses	2,781,057	2,382,914
Change in Unrestricted Net Assets	(124,990)	(20,703)
Change in Temporarily Restricted Net Assets		
Grants and contributions	1,759,577	980,432
Net assets released from restrictions	(1,597,527)	(906,360)
Change in Temporarily Restricted Net Assets	162,050	74,072
Change in Net Assets	37,060	53,369
NET ASSETS, BEGINNING OF YEAR	480,991	427,622
NET ASSETS, END OF YEAR	\$ 518,051	\$ 480,991

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

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016**

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 1,444,416	\$ 157,225	\$ 73,111	\$ 1,674,752
Employee benefits	258,671	12,494	4,426	275,591
Payroll taxes	172,592	13,978	8,102	194,672
Professional fees	32,480	22,756	14,142	69,378
Supplies	43,884	8,409	1,675	53,968
Telephone/fax/internet	18,787	1,098	725	20,610
Postage/shipping	6	1,421	1,310	2,737
Occupancy	47,759	4,016	2,545	54,320
Rental/maintenance of equipment	13,094	3,766	1,197	18,057
Printing/publications	10,636	2,841	1,319	14,796
Travel	15,634	1,711	420	17,765
Client fees	183,267	-	-	183,267
Conferences and meetings	181	6,488	58	6,727
Staff development	9,476	7,829	534	17,839
Membership fees	421	425	574	1,420
Insurance	11,814	2,044	64	13,922
Interest	-	732	-	732
Miscellaneous	-	693	-	693
Fundraising	-	2,770	69,436	72,206
Capital assets	6,156	104	4,902	11,162
Affiliation fees	50,228	673	350	51,251
Total expenses before depreciation	2,319,502	251,473	184,890	2,755,865
Depreciation	-	25,192	-	25,192
<b>TOTAL EXPENSES</b>	<b>\$ 2,319,502</b>	<b>\$ 276,665</b>	<b>\$ 184,890</b>	<b>\$ 2,781,057</b>

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

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 1,226,219	\$ 130,853	\$ 6,728	\$ 1,363,800
Employee benefits	224,428	11,728	2,142	238,298
Payroll taxes	136,059	11,617	1,369	149,045
Professional fees	47,625	31,861	33,245	112,731
Supplies	81,416	2,555	282	84,253
Telephone/fax/internet	18,020	1,345	590	19,955
Postage/shipping	98	287	229	614
Occupancy	47,019	3,714	-	50,733
Donated use of facilities	66,560	-	-	66,560
Rental/maintenance of equipment	11,357	791	-	12,148
Printing/publications	10,353	1,530	-	11,883
Travel	12,673	864	87	13,624
Client fees	101,594	-	-	101,594
Conferences and meetings	-	5,909	-	5,909
Staff development	8,387	8,497	-	16,884
Membership fees	360	282	-	642
Insurance	10,835	2,614	-	13,449
Interest	-	326	-	326
Miscellaneous	-	413	-	413
Fundraising	-	-	46,103	46,103
Capital assets	2,934	2,126	1,095	6,155
Affiliation fees	41,924	678	-	42,602
Total expenses before depreciation	2,047,861	217,990	91,870	2,357,721
Depreciation	-	25,193	-	25,193
<b>TOTAL EXPENSES</b>	<b>\$ 2,047,861</b>	<b>\$ 243,183</b>	<b>\$ 91,870</b>	<b>\$ 2,382,914</b>

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



**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 37,060	\$ 53,369
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	25,192	25,193
Changes in:		
Grants receivable and reimbursable grant expenses	(191,523)	5,109
Other receivables and deposits	(23,750)	-
Prepaid items	(7,385)	(502)
Due from affiliate	39,632	(6,261)
Accounts payable and accrued expenses	(17,530)	25,989
Due to affiliate	(4,730)	(1,430)
Total adjustments	(180,094)	48,098
Net cash (used in)/provided by operating activities	(143,034)	101,467
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Reinvestment of interest income	(33)	(43)
Net cash used in investing activities	(33)	(43)
<b>NET (DECREASE)/INCREASE IN CASH</b>	(143,067)	101,424
<b>CASH, BEGINNING OF YEAR</b>	298,545	197,121
<b>CASH, END OF YEAR</b>	\$ 155,478	\$ 298,545

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

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Business

AVANCE- Dallas, Inc. (the “Organization”) is a community-based nonprofit organization that provides family support and education services to at-risk, economically impoverished Hispanic families. The Organization, established in October 1996, is one of six chapters affiliated with its parent agency, AVANCE, Inc., established in San Antonio, Texas in 1973. To accomplish its mission, the Organization provides support and education services to low-income families; strives to strengthen the family unit; enhances parenting skills which nurture the optimal development of children; promotes educational success; and, fosters the personal and economic success of parents. The Organization’s programs include Parent-Child Education, Parent-Child Book Clubs, Workplace English, Fatherhood Initiative, and Alumni Volunteers. The Organization receives grants primarily from private companies, foundations and individuals as well as federal and state agencies to fund these programs.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization’s financial statements are presented in accordance with Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) Topic 958-205, *Not-for-profit Entities-Presentation of Financial Statements*. Under FASB ASC Topic 958-205, the Organization is 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, as defined below:

**Unrestricted net assets** – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization.

**Temporarily restricted net assets** – These are resources that are subject to donor-imposed stipulations that may be met, either by actions of the Organization and/or the passage of time.

**Permanently restricted net assets** – These are resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon be used by the Organization.

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Additionally, the Organization is also required under FASB ASC 958-205 to present statements of activities, statement of functional expenses and cash flows.

Revenue Recognition

Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from contributions, donations and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on the passage of time. Program income and other income are recognized when received. Conditional promises to give cash or other assets are not recognized until received.

Cash and Cash Equivalents

The Organization considers all monies in banks and highly liquid investments with maturity of three months or less from date of purchase to be cash equivalents. The carrying value of cash approximates fair value because of the short maturities of those financial instruments. The Organization had \$74,443 and \$74,369 in cash equivalents at June 30, 2016 and 2015, respectively.

Investments

The Organization's investments, consisting of certificates of deposit, are carried at their current market value. The investments totaled and as of June 30, 2016 and 2015, respectively. Investment return consists of interest income which is included in interest income on the statement of activities.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions and reported in the statement of activities as net assets released from restrictions. When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Grants Receivable

Grants receivable represent pending reimbursements of program expenses incurred as of June 30, 2016 and 2015, respectively, and expected to be received from the funding sources in the subsequent year, as well as multi-year unconditional grants due from awarding agencies. Management considers such receivables at June 30, 2016 and 2015 to be fully collectible. Accordingly, no allowance for delinquent grants receivable was made in the accompanying financial statements.

Property and Equipment

Property and equipment are recorded at cost when purchased or, if donated, at their estimated fair value at the date of donation. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire or maintain property and equipment are recorded as restricted contributions. Presently, the Organization does not have any assets which have donor-imposed restrictions.

The Organization's policy is to capitalize all expenditures for property and equipment in excess of \$5,000 per unit. Depreciation and amortization are calculated on the straight-line method over the following estimated useful lives:

<b>Property &amp; Equipment</b>	<b>Useful Life</b>
Leasehold improvements	5 years
Equipment	5 years

Maintenance and repairs are charged to expense when incurred. Major improvements and renewals are capitalized.

Compensable Absences

Annual vacation time and sick leave are granted to the Organization's employees. Under the Organization's policy, vacation time and sick leave are earned based on the employees' length of service. Any unused vacation time up to a maximum of 25 days not taken by the end of the year may be carried over to the following calendar year, but is not considered vested. Upon separation of employment, any unused vacation time is forfeited. Paid sick leave may be carried from one year to the next to a maximum sick leave bank of 60 days. Paid absences for employee vacation and sick leave are recorded as expenses when used. No accruals for unused employee vacation and sick days are recorded in the accompanying financial statements since earned vacation and sick days are not vested, and are forfeited upon separation of employment.

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited in accordance with the Organization's cost allocation plan. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, income taxes are not provided for in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Organization that is not a private foundation under Section 509(a)(1) of the Code.

The Organization applies the provisions of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Tax years 2013-2015 remain open to examination by the taxing jurisdictions to which the Organization is subject, and these periods have not been extended beyond the applicable statute of limitations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements relate primarily to the useful lives applied in asset depreciation, estimates of the values of in-kind contributions and services, as well as the functional allocation of expenses.

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 – *Leases* (Topic 842), which supersedes existing guidance on leases and amends and supersedes a number of other paragraphs throughout the FASB ASC. This update will be effective for the Organization’s 2021 annual financial statements. Management is currently evaluating the impact this update will have on the Organization’s financial statements.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on changes in net assets.

**NOTE 2. PROGRAM SERVICES**

The costs of providing the various program services by the Organization are shown in the accompanying statements of functional activities. The following are the descriptions of the Organization’s program services:

- **Parent-Child Education** – The Parent-Child Education program equips parents with the education and experiences they need to transform their homes into lifelong learning labs, and to volunteer and take leadership in their low-income communities, so they can become their child’s first teacher, starting at birth to age 3. As such, children from birth to age 3 are able to develop dedicated educational partner in their parents from birth to graduation, and are prepared for success in school.
- **Parent-Child Book Clubs** – The AVANCE-Dallas Parent-Child Book Clubs focus specifically on a fundamental educational and bonding activity of a parent reading to their child, from birth to age 3. Through the program, books are provided to each participating low-income family. Parents learn to read regularly and expressively with their young children, and engage them in stimulating reading activities that increase their literacy.
- **Workplace English Program** – The Workplace English program provides ESL (English as a Second Language) classes to parents who graduate from the Parent-Child Education Program and want to further their education. The program provides Spanish-speaking parents opportunity to learn workplace and everyday English for improving their earning power, and to participate in a workforce entry practicum that gives them training in the process of landing a job. It also provides free child care so that financially strapped parents can attend ESL classes.

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

- **Fatherhood Initiative** – The Fatherhood Initiative, “Strong Fathers, Strong Families” helps strengthen children by strengthening fathers and families. The program helps fathers discover their true strength as fathers and their importance in their child’s development.
  
- **Alumni Volunteer Impact Program** – The Alumni Volunteer Impact Program provides a way for parents who graduate from the Organization’s Parent-Child Education Program to give back to their community. Through the program, alumni receive training in tutoring and provide weekly tutoring services in reading to low-performing, at-risk kindergarten and first-grade students in Dallas ISD elementary schools. Through the program alumni also lead a 25-week Parent-Child Book Club in 14 local schools throughout Dallas County, thereby improving literacy in the community.

**NOTE 3. CONCENTRATION OF CREDIT RISKS**

Credit risk associated with grants receivable is minimal due to the credit worthiness of the federal, state, and local funding agencies. For the years ended June 30, 2016 and 2015, a single funding source contributed 26% and 28% of the Organization’s revenue and other support.

**NOTE 4. IN-KIND DONATIONS**

The Organization rents certain facilities at less than fair market value. The difference between the estimated fair rental value of the facilities and the actual rent paid, which has been reported as donated space, totaled \$0 and \$66,560 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 5. FAIR VALUE MEASUREMENTS**

FASB ASC Topic 820, Fair Value Measurements, provides a revised definition of fair value and establishes a framework for measuring fair value. The Statement also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The fair value hierarchy in FASB ASC Topic 820 prioritizes fair value measurements into three levels based on the nature of the inputs. The three levels of the fair value hierarchy under FASB ASC Topic 820-10 are as follows:

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a summary of the Organization's investments by level, within the fair value hierarchy, as of June 30:

	Fair Value	Fair Value Measurement Using Input Considered as:		
		Level 1	Level 2	Level 3
Certificates of deposit, 2016	\$ 80,702	\$ 80,702	\$ -	\$ -
Certificates of deposit, 2015	\$ 80,669	\$ 80,669	\$ -	\$ -



**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 6. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at June 30:

	<b>2016</b>	<b>2015</b>
Leasehold improvements	\$ 79,804	\$ 79,804
Equipment	84,482	84,482
	164,286	164,286
Less: accumulated depreciation and amortization	(152,296)	(127,104)
Property and equipment, net	\$ 11,990	\$ 37,182

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was \$25,192 and \$25,193, respectively.

**NOTE 7. COMMITMENTS**

The Organization leases office facilities and office equipment pursuant to non-cancelable operating lease agreements expiring at various times through fiscal year 2018.

Future minimum rental obligations at June 30, 2016 are as follows:

Year ending June 30,	
2017	\$ 1,500
2018	500
Total	\$ 2,000

Rent expense for the years ended June 30, 2016 and 2015 was \$48,131 and \$47,132, respectively.

**NOTE 8. NET ASSETS**

Unrestricted net assets as of June 30, 2016 and 2015 amounted to \$213,403 and \$338,393 respectively, which are available to support the programs and activities of the Organization.

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Temporarily restricted net assets consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Purpose Restrictions:		
Parent-Child Program	\$ 171,764	\$ 116,418
Hoblitzelle Foundation	14,324	26,180
Capital Improvements	18,560	-
Time Restrictions	<u>100,000</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 304,648</u>	<u>\$ 142,598</u>

**NOTE 9. RETIREMENT PLAN**

The Organization participates in a 403(b) Annuity Plan (the Plan) sponsored by AVANCE, Inc., which allows employees the opportunity to invest a portion of their income in a tax-deferred annuity. The plan covers all full-time employees who have completed 12 months of service and are at least 21 years of age. Annual organizational contributions to the plan are discretionary and are determined by the Board of Directors. The Organization's contributions to the Plan for the year ended June 30, 2016 and 2015 amounted to \$8,717 and \$8,218, respectively.

**NOTE 10. CONTINGENCIES**

The Organization participates in several state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization is determined by the grantor agency not to have complied with the rules and regulations governing the grants, refunds of any monies received may be required and the collectability of any related receivable may be impaired. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE 11. RELATED PARTY TRANSACTIONS**

The Organization is a chapter of AVANCE, Inc. As a chapter, the Organization's bylaws must conform to the requirements of AVANCE, Inc.'s bylaws. The Organization's payments to AVANCE, Inc. for membership as well as technical support fees and affiliation fees amounted to \$51,251 and \$42,602 for the years ended June 30, 2016 and 2015, respectively.

**AVANCE- DALLAS, INC.**  
(A Texas Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

The Organization also received pass-through funding from AVANCE- El Paso, Inc., who received funding from AmeriCorps. For the years ended June 30, 2016 and 2015, the Organization received \$1,023 and \$154,424 from AVANCE- El Paso, Inc.

At June 30, 2016 and 2015, the amount due to the Organization from AVANCE- El Paso was \$0 and \$39,632, respectively.

**NOTE 12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 8, 2016, which is the date these financial statements were available to be issued. No changes were made, or are necessary to be made, to the financial statements, as a result of that evaluation.