

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

**Financial Statements**  
**Years Ended June 30, 2014 and 2013**

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

**JUNE 30, 2014 AND 2013**

**TABLE OF CONTENTS**

	<u>Page Number</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statement of Activities -2014	4
Statement of Activities -2013	5
Statement of Functional Expenses-2014	6
Statement of Functional Expenses-2013	7
Statements of Cash Flows	8
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	9



## INDEPENDENT AUDITORS' 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, 2014, 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.

### Auditors' 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 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, 2014, 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.

**Other Matters**

The financial statements of Avance-Dallas as of and for the year ended June 30, 2013 were audited by other auditors; whose report dated August 29, 2013, expressed an unmodified opinion on those financial statements.

Houston, Texas  
August 29, 2014

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

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 197,121	\$ 301,067
Certificates of deposit	80,626	157,204
Grants and other receivable	86,359	111,753
Prepaid expenses	26,342	20,054
Due from El Paso	33,371	12,549
Total current assets	423,819	602,627
<b>NONCURRENT ASSETS:</b>		
Property and equipment, net	62,375	87,566
Total noncurrent assets	62,375	87,566
<b>TOTAL ASSETS</b>	\$ 486,194	\$ 690,193
 <b>LIABILITIES AND NET ASSETS:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,292	\$ 5,908
Accrued expenses	51,120	64,862
Due to El Paso	6,160	2,640
Total current liabilities	58,572	73,410
<b>TOTAL LIABILITIES</b>	58,572	73,410
 <i>Commitments and contingencies – Notes 8 and 11</i>		
<b>NET ASSETS:</b>		
Unrestricted	359,096	469,896
Temporarily restricted	68,526	146,887
<b>TOTAL NET ASSETS</b>	427,622	616,783
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 486,194	\$ 690,193

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

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

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES</b>			
Government, state, and local grants	\$ -	\$ 433,827	\$ 433,827
Contributions and general donations	76,370	50,000	126,370
Corporate support	180,438	-	180,438
Foundation support	350,735	362,819	713,554
United way funding	658,560	-	658,560
Special event	23,500	-	23,500
In-kind support	66,560	-	66,560
Interest	1,439		1,439
Total	1,357,602	846,646	2,204,248
Net asset released from restriction	925,007	(925,007)	-
<b>TOTAL REVENUES AND SUPPORTS</b>	<b>2,282,609</b>	<b>(78,361)</b>	<b>2,204,248</b>
<b>EXPENSES</b>			
Program services	2,112,948	-	2,112,948
General and administrative	220,995	-	220,995
Fundraising	59,466	-	59,466
<b>TOTAL EXPENSES</b>	<b>2,393,409</b>	<b>-</b>	<b>2,393,409</b>
<b>CHANGE IN NET ASSETS</b>	<b>(110,800)</b>	<b>(78,361)</b>	<b>(189,161)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>469,896</b>	<b>146,887</b>	<b>616,783</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 359,096</b>	<b>\$ 68,526</b>	<b>\$ 427,622</b>

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

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

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES</b>			
Government, state, and local grants	\$ -	\$ 436,771	\$ 436,771
Contributions and general donations	132,620	60,210	192,830
Corporate support	117,591	-	117,591
Foundation support	306,508	449,867	756,375
United way funding	717,314	-	717,314
In-kind support	103,429	-	103,429
Interest	786		786
Total	1,378,248	946,848	2,325,096
Net asset released from restriction	878,624	(878,624)	-
<b>TOTAL REVENUES AND SUPPORTS</b>	<u>2,256,872</u>	<u>68,224</u>	<u>2,325,096</u>
<b>EXPENSES</b>			
Program services	2,022,007	-	2,022,007
General and administrative	229,459	-	229,459
Fundraising	47,696	-	47,696
<b>TOTAL EXPENSES</b>	<u>2,299,162</u>	<u>-</u>	<u>2,299,162</u>
<b>CHANGE IN NET ASSETS</b>	(42,290)	68,224	25,934
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>512,186</u>	<u>78,663</u>	<u>590,849</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 469,896</u>	<u>\$ 146,887</u>	<u>\$ 616,783</u>

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, 2014**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and Benefits	\$ 1,778,516	\$ 149,597	\$ -	\$ 1,928,113
Professional fees	23,831	17,263	41,024	82,118
Supplies	43,336	4,745	-	48,081
Communications	16,553	1,092	581	18,226
Postage/shipping	230	136	207	573
Occupancy	111,163	5,058	-	116,221
Rental/maintenance of equipment	10,094	520	-	10,614
Printing/publication	10,583	1,290	640	12,513
Travel and transportation	14,676	2,225	-	16,901
Client emergency funds	29,829	-	-	29,829
Conferences and meetings	30	6,100	-	6,130
Staff development	2,453	796	-	3,249
Membership fees	360	562	-	922
Insurance	13,319	2,485	-	15,804
Interest & bank expenses	-	332	-	332
Interagency transactions	45,216	678	-	45,894
Fundraising expenses	-	-	17,014	17,014
Miscellaneous	-	164	-	164
Capital Assets	12,759	2,761	-	15,520
Depreciation and amortization	-	25,191	-	25,191
<b>TOTAL EXPENSES</b>	<b>\$ 2,112,948</b>	<b>\$ 220,995</b>	<b>\$ 59,466</b>	<b>\$ 2,393,409</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, 2013**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Benefits	\$ 1,659,764	\$ 154,280	\$ -	\$ 1,814,044
Professional fees	34,725	13,265	34,417	82,407
Supplies	58,556	5,652	-	64,208
Communications	16,873	1,368	598	18,839
Postage/shipping	27	1,469	661	2,157
Occupancy	115,084	8,887	-	123,971
Rental/maintenance of equipment	8,559	326	-	8,885
Printing/publication	7,649	2,144	-	9,793
Travel and transportation	27,040	2,248	-	29,288
Client emergency funds	19,145	-	-	19,145
Conferences and meetings	-	4,367	-	4,367
Staff development	9,725	9,169	-	18,894
Membership fees	430	648	-	1,078
Insurance	12,768	2,132	-	14,900
Interest & bank expenses	-	94	-	94
Interagency transactions	47,788	997	-	48,785
Fundraising expenses	-	-	12,020	12,020
Miscellaneous	5	127	-	132
Capital Assets	3,869	781	-	4,650
Depreciation and amortization	-	21,505	-	21,505
<b>TOTAL EXPENSES</b>	<b>\$ 2,022,007</b>	<b>\$ 229,459</b>	<b>\$ 47,696</b>	<b>\$ 2,299,162</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, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (189,161)	\$ 25,934
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Depreciation and amortization	25,191	21,505
Changes in:		
Grants receivable	25,394	(93,742)
Prepaid expenses	(6,288)	(800)
Due from El Paso	(20,822)	15,553
Accounts payable	(4,616)	35,097
Accrued expenses	(13,742)	-
Due to affiliate	3,520	-
Total adjustments	8,637	(22,387)
Net cash (used in)/provided by operating activities	(180,524)	3,547
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of certificates of deposit	76,578	157,446
Net cash provided by investing activities	76,578	157,446
<b>NET (DECREASE)/INCREASE IN CASH</b>	(103,946)	160,993
<b>CASH, BEGINNING OF YEAR</b>	301,067	140,074
<b>CASH, END OF YEAR</b>	\$ 197,121	\$ 301,067

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, 2014 AND 2013**

**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 ten 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, 2014 AND 2013**

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 \$74,294 and \$195,100 in cash equivalents at June 30, 2014 and 2013, respectively.

Investments

The investments, consisting of certificates of deposit, are carried at their current market value. The investments totaled \$80,626 and \$157,204 as of June 30, 2014 and 2013, 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, 2014 AND 2013**

Grants Receivable

Grants receivable represent pending reimbursements of program expenses incurred as of June 30, 2014 and 2013, respectively, and expected to be received from the funding sources in the subsequent year. Management considers such receivables at June 30, 2014 and 2013 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 improvement	5 years
Equipments	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 accrual 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, 2014 AND 2013**

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 2011-2013 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, 2014 AND 2013**

Reclassification

Last year, due to/from affiliate agencies accounts were recorded at net amount. This year, due to/from accounts were stated as two separate lines in the financial statements.

New Accounting Pronouncements

In October 2012, the FASB issued Accounting Standards Update (ASU) 2012-05 – Statement of Cash Flows (Topic 230), *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated assets that upon receipt were directed without any limitations for sale imposed by the not-for-profit entity and were converted nearly immediately into cash. This update will be effective for the Organization’s 2014 financial statements. Management does not anticipate that this update will significantly affect the Organization’s financial statements.

In April 2013, the FASB issued Accounting Standards Update (ASU) 2013-06 – Not-for-profit Entities (Topic 958), *Services Received from Personnel of an Affiliate*, which requires a not-for-profit entity to recognize all services received from personnel of an affiliate at either (a) the cost recognized by the affiliate for the personnel providing that service or (b) the fair value of that service. If the recipient not-for-profit entity is required to provide a performance indicator, the entity should report an increase in net assets associated with the services rendered as an equity transfer. This update will be effective for Organization’s 2015 annual financial statements and management does not anticipate that this update will significantly affect Organization’s financial statements.

**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 equip 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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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.
- **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 receives 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, 2014 and 2013, a single funding source contributed presented 33% and 30% of 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 \$66,560 for the years ended June 30, 2014 and 2013, respectively.



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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**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:

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:

	<b>Fair Value</b>	<b>Fair Value Measurement Using Input Considered as:</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificates deposit,2014	\$ 80,626	\$ 80,626	\$ -	\$ -
Certificates deposit,2013	\$ 157,204	\$ 157,204	\$ -	\$ -

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 6. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Equipment (Purchase)	\$ 47,613	\$ 47,613
Equipment (Donated)	33,182	33,182
Leasehold improvements	<u>79,804</u>	<u>79,804</u>
	160,599	160,599
Less: Accumulated depreciation and amortization	<u>(98,224)</u>	<u>(73,033)</u>
Property and equipment, net	<u>\$ 62,375</u>	<u>\$ 87,566</u>

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$25,191 and \$21,505, respectively.

**NOTE 7. COMMITMENTS**

The Organization leases office facilities and office equipment pursuant to non-cancelable operating lease agreement expiring in various times through fiscal year 2016.

Future minimum rental obligations at June 30, 2014 are as follows:

2014	\$ 33,464
2015	15,389
2016	-
Total	<u>\$ 48,853</u>

Rent expense for the years ended June 30, 2014 and 2013, was \$47,970 and \$48,303, respectively.

**NOTE 8. NET ASSETS**

Unrestricted net assets as of June 30, 2014 and 2013 amounted to \$359,094 and \$469,896, 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, 2014 AND 2013**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2014</u>	<u>2013</u>
Parent-child program	\$ 11,044	\$ 93,002
Volunteer impact	-	4,494
Hoblitzelle foundation	34,980	-
KERA	22,502	49,391
	<u>\$ 68,526</u>	<u>\$ 146,887</u>

**NOTE 9. PENSION PLAN**

The Organization participated in a 403(b) Annuity 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, 2014 and 2013 amounted to \$8,398 and \$7,563, 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 payment to Avance, Inc. for membership as well as technical support fees and affiliation fees amounted to \$45,894 and \$48,785 for the years ended June 30, 2014 and 2013, respectively.

The Organization also receives pass-through funding from Avance-EI Paso, who receives funding from AmeriCorps. For the years ended June 30, 2014 and 2013, the Organization received \$133,827 and \$136,771 from Avance-EI Paso.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

At June 30, 2014 and 2013, the amount due to the Organization from Avance-EI Paso was \$33,371 and 12,549, respectively.

**NOTE 12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 29, 2014, 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.