

**LA UNION DEL PUEBLO ENTERO (“LUPE”)**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2006

with

Report of Independent Auditor

**NATHAN J. PETTY**  
Certified Public Accountant

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Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
La Union Del Pueblo Entero ("LUPE")  
Keene, California

I have audited the accompanying statement of financial position of La Union Del Pueblo Entero ("LUPE") (a nonprofit organization) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Union Del Pueblo Entero ("LUPE") as of December 31, 2006, 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.

*Nathan J. Petty*

Nathan J. Petty  
Certified Public Accountant  
Bakersfield, California  
October 16, 2007

**LA UNION DEL PUEBLO ENTERO ("LUPE")  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2006**

**Assets:**

Current Assets	
Cash	\$ 503,998
Accounts Receivable	3,290
Expense Advances and prepaid expenses	440
Total Current Assets	<u>507,728</u>
Property and Equipment - Note 2	
Equipment and Furniture	44,853
Total Property and Equipment	<u>44,853</u>
Less: Accumulated Depreciation	<u>(29,155)</u>
Total Property and Equipment, net of Accumulated Depreciation	<u>15,698</u>
Other Assets	
Security Deposits	<u>3,347</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>526,773</u></u></b>
<b>Liabilities:</b>	
Current Liabilities	
Accounts Payable - Trade	\$ 34,736
Payables to Related parties - Note 5	120,413
Accrued Expenses	46,229
Total Current Liabilities	<u>201,378</u>
<b>TOTAL LIABILITIES</b>	<b><u>201,378</u></b>
<b>Commitments - Note 8</b>	
<b>NET ASSETS</b>	
Unrestricted	(49,228)
Temporarily Restricted	374,623
<b>TOTAL NET ASSETS</b>	<b><u>325,395</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u><u>526,773</u></u></b>

The accompanying notes are integral parts of these financial statements

**LA UNION DEL PUEBLO ENTERO ("LUPE")  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Support:			
Contributions	\$ 37,379	\$	\$ 37,379
Membership Dues	226,843		226,843
Grants and Contracts	879,893	508,450	1,388,343
Total Support	<u>1,144,115</u>	<u>508,450</u>	<u>1,652,565</u>
Revenue:			
Program Services	250,434		250,434
Service Fees	21,388		21,388
Other Income	52,487		52,487
Total Revenue	<u>324,309</u>	<u>-</u>	<u>324,309</u>
Total Support and Revenue	1,468,424	508,450	1,976,874
Net Assets Released from Restriction			
Restriction Satisfied by Payments	366,204	(366,204)	-
Total Support and Revenue Net of Restrictions	<u>1,834,628</u>	<u>142,246</u>	<u>1,976,874</u>
<b>Expenses:</b>			
Program Services Expenses:			
Membership and Services	746,351		746,351
Community Empowerment	883,892		883,892
Total Program Services Expenses	<u>1,630,243</u>	<u>-</u>	<u>1,630,243</u>
Supporting Services Expenses			
Management and General	291,680	-	291,680
Total Supporting Services Expenses	<u>291,680</u>	<u>-</u>	<u>291,680</u>
Total Expenses	<u>1,921,923</u>	<u>-</u>	<u>1,921,923</u>
<b>Change in Net Assets</b>	(87,295)	142,246	54,951
<b>Net Assets At Beginning Of Year</b>	<u>38,067</u>	<u>232,377</u>	<u>270,444</u>
<b>Net Assets At End Of Year</b>	<u>\$ (49,228)</u>	<u>\$ 374,623</u>	<u>\$ 325,395</u>

The accompanying notes are integral parts of these financial statements

**LA UNION DEL PUEBLO ENTERO ("LUPE")  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2006**

	Program Services			Supporting Services	Total Expenses
	Membership & Services	Community Empowerment	Total Program Services	Management and General	
Compensation and Benefits	\$ 535,201	\$ 479,466	\$ 1,014,667	\$ 90,126	\$ 1,104,793
Travel and Transportation	16,038	31,828	47,866	19,271	67,137
Office Facilities	61,727	39,022	100,749	9,611	110,360
Office Operations	53,375	75,771	129,146	18,798	147,944
Promotion and Communication	7,667	25,745	33,412	617	34,029
Outside and Professional Services	72,343	231,540	303,883	90,815	394,698
Client Services	-	520	520	-	520
Bad Debt	-	-	-	62,442	62,442
<b>TOTAL</b>	<b>\$ 746,351</b>	<b>\$ 883,892</b>	<b>\$ 1,630,243</b>	<b>\$ 291,680</b>	<b>\$ 1,921,923</b>

The accompanying notes are integral parts of these financial statements

**LA UNION DEL PUEBLO ENTERO ("LUPE")  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2006**

**Cash Flows from Operating Activities**

Increase (Decrease) in Net Assets	\$	54,951
Adjustments to reconcile Increase (Decrease) in Net Assets to Net Cash provided by Operating Activities:		
Depreciation		11,901
(Increase) Decrease in:		
Accounts Receivable		61,737
Employee Advances		1,852
Deposits and Prepaid Items		(897)
(Decrease) Increase in:		
Accounts Payable and Accrued expenses		<u>56,971</u>
Net Cash Provided by (Used in) Operating Activities		<u>186,515</u>

**Cash Flows from Investing Activities**

Capital Additions		<u>(4,357)</u>
Net Cash Provided by (Used in) Investing Activities		<u>(4,357)</u>

**Net Increase (Decrease) in Cash** 182,158

**Cash at Beginning of Year** 321,840

**Cash at End of Year** \$ 503,998

Supplemental disclosure of cash flow information:

Cash paid during the year for interest \$           -

Cash paid during the year for taxes \$           -

The accompanying notes are integral parts of these financial statements

LA UNION DEL PUEBLO ENTERO (“LUPE”)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE 1 - ORGANIZATION**

Mission

La Union Del Pueblo Entero (“LUPE”) was organized exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. This includes but is not limited to empowering Latinos and their communities and enhancing the activities of farm workers, immigrants, and low income families in the United States.

The core of LUPE’s mission is its community based leadership development program. This approach is done through the creation of committee structures of residents, called *comites*. This community leadership program is based upon the notion that every community, regardless of social, economic and physical condition has the assets and resources that can be mobilized when community leaders are better informed and empowered. LUPE seeks to increase the capacity of these community leaders through leadership training and empowerment so that they are more effective in changing the social and physical environmental threats to improve the health and well being of individuals, families and communities.

Programs

LUPE believes that communities must be approached holistically. Economics, poor health, poor community infrastructure, cultural isolation, linguistic challenges, the lack of education and transportation, and lack of governmental system knowledge are all issues that impact many of the communities LUPE serves. Therefore, programs are very community focused, that include: early childhood development, higher education, economic development and housing advocacy, advocacy on immigrant and health care issues and occupational health and safety.

Each office location also provides critical support services for *comite* leaders and LUPE members. They are tailored to the needs of each regional area. Member services include: ESL and GED classes, homeownership education, certified tax services, immigration services, notary services and economic opportunity programs. LUPE operates programs in California, Texas and Arizona.

In the Salinas, California area LUPE provides a variety of services to seniors, including meals on wheels and recreational and social services. Youth are served by after school and summer recreation programs. Adults are served by programs providing ESL, GED and leadership training classes, financial services, parent training, immigration information and assistance in accessing government services.

In the Central California, Phoenix and Texas offices adult services are provided as listed above.

LA UNION DEL PUEBLO ENTERO (“LUPE”)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of LUPE (the “Organization”) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Non-Profit Status and Income Taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as other than a private foundation by the Internal Revenue Service. The Organization is also exempt from State of California taxation under provisions of the California Revenue and Taxation code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Revenue and Support

The Organization receives grant support from other nonprofit organizations and recognizes grant support when funds are received.

Donated Services

Volunteers have donated time to the Organization in support of its programs and services. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

Refundable Advances

LUPE records grant revenue as a refundable advance until it is expended for the purpose of the grant, at which time it is recognized as revenue. Any balance in refundable advances at year end would represent amounts received under cost reimbursable grants that would be expended in the next fiscal year in accordance with the grant period. There was no refundable advance at December 31, 2006 and no activity in the refundable advance account during 2006.



LA UNION DEL PUEBLO ENTERO (“LUPE”)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT.**

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with donor imposed restrictions are recorded as unrestricted contributions in the period received if the Organization meets the restrictions in the period the contribution is received.

Use of 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 discloses. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment having a useful life of more than one year are capitalized and depreciated.

Property and equipment are recorded at cost, or fair market value if contributed, and are depreciated using the straight-line method over the estimated useful lives of the assets generally as follows:

Furniture and equipment	3-5 years
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Depreciation expense for the year 2006 was \$11,901.

Cash

At December 31, 2006 the Organization’s cash in bank balances exceeded the Federally insured limits. At December 31, 2006 the Organization’s uninsured cash balances totaled \$392,858.

**NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and supporting services 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.

LA UNION DEL PUEBLO ENTERO (“LUPE”)  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2006

**NOTE 4 - CASH AND CASH EQUIVALENTS**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. LUPE had no cash equivalents at December 31, 2006.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

During 2004 the Organization contracted with organizations which are (1) related by virtue of a management relationship or, (2) which were formed for the mutual benefit of farm workers. These organizations have provided services and paid fees to the Organization, or were paid a fee to provide program services and/or general administrative services which furthered the mission of the Organization.

	Total Sales <u>Amount</u>	Receivable Balance <u>December 31, 2006</u>
United Farm Workers of America	\$ 200	\$ <u>0</u>
	Total Purchase <u>Amount</u>	Payable Balance <u>December 31, 2006</u>
United Farm Workers of America	\$ 91,920	\$ 17,380
National Farm Worker Service Center, Inc.	78,247	24,832
F.E.R.N.I.	50,001	25,000
Juan De La Cruz Pension Plan	5,296	1,162
Robert F. Kennedy Medical Plan	119,676	27,039
F.I.E.L.D.	66,143	<u>25,000</u>
Total		\$ <u>120,413</u>

The Organization also entered into a lease for office space in Fresno, California from National Farm Workers Service Center, Inc. The lease term is from January 1, 2007 to January 1, 2010 for a base monthly rental rate of \$720 per month. The lease commitment is included in the amounts reflected in Note 8.

**NOTE 6 – CONTRIBUTED SERVICES FROM RELATED PARTY**

During 2006 the Organization recognized contribution revenue of \$19,926 for contributed services related to the First Five program. These services included radio support staff, promotional spots, events and live radio remote services. Contribution revenue from services was measured by F.E.R.N.I (the provider) based on its normal rate schedule.

LA UNION DEL PUEBLO ENTERO (“LUPE”)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE 7—RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Community Empowerment	\$212,226
General Support	23,325
Education	<u>139,072</u>
	\$ <u>374,623</u>

**NOTE 8 – COMMITMENTS UNDER LONG-TERM LEASES**

The Organization leases office space and office equipment under long term leases. The Organization also rents office space on a month to month basis.

During 2006 office rental expense totaled \$41,836 and equipment lease expense totaled \$6,675. Future obligations over the primary term of the long-term leases as of December 31, 2006 are as follows:

Year Ended December 31,	<u>Amount</u>
2007	\$ 26,447
2008	24,728
2009	17,834
2010	3,545
2011	<u>2,735</u>
Total	\$ <u>75,288</u>