

**LA UNION DEL PUEBLO ENTERO (“LUPE”)**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2007

with

Report of Independent Auditors

**MENDEZ PETTY LLP**  
Certified Public Accountants

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of La Union Del Pueblo Entero ("LUPE") (a nonprofit organization) as of December 31, 2007, 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. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our 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, 2007, 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.

*Mendez Petty LLP*

Mendez Petty LLP  
Certified Public Accountants  
Bakersfield, California  
November 25, 2008

**LA UNION DEL PUEBLO ENTERO ("LUPE")  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007**

**Assets:**

Current Assets	
Cash	\$ 6,548
Grant Receivables	11,977
Total Current Assets	<u>18,525</u>
Property and Equipment - Note 2	
Equipment and Furniture	<u>60,318</u>
Total Property and Equipment	60,318
Less: Accumulated Depreciation	<u>(42,336)</u>
Total Property and Equipment, net of Accumulated Depreciation	<u>17,982</u>
Other Assets	
Security Deposits	<u>650</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>37,157</u></b>

**Liabilities:**

Current Liabilities	
Accounts Payable - Trade	\$ 21,554
Payables to Related Parties - Note 5	59,913
Accrued Expenses	<u>28,741</u>
Total Current Liabilities	<u>110,208</u>
<b>TOTAL LIABILITIES</b>	<b><u>110,208</u></b>

**Commitments - Note 8**

<b>NET ASSETS</b>	
Unrestricted	(215,988)
Temporarily Restricted	<u>142,937</u>
<b>TOTAL NET ASSETS</b>	<b><u>(73,051)</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>37,157</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, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Support:			
Contributions	\$ 41,031	\$	\$ 41,031
Membership Dues	220,756		220,756
Grants and Contracts	544,776	35,800	580,576
Total Support	<u>806,563</u>	<u>35,800</u>	<u>842,363</u>
Revenue:			
Program Services	314,854		314,854
Service Fees	16,359		16,359
Other Income	34,248		34,248
Total Revenue	<u>365,461</u>	<u>-</u>	<u>365,461</u>
Total Support and Revenue	1,172,024	35,800	1,207,824
Net Assets Released from Restriction			
Restriction Satisfied by Payments	267,486	(267,486)	-
Total Support and Revenue Net of Restrictions	<u>1,439,510</u>	<u>(231,686)</u>	<u>1,207,824</u>
<b>Expenses:</b>			
Program Services Expenses:			
Membership and Services	774,265		774,265
Community Empowerment	662,497		662,497
Total Program Services Expenses	<u>1,436,762</u>	<u>-</u>	<u>1,436,762</u>
Supporting Services Expenses			
Management and General	169,508	-	169,508
Total Supporting Services Expenses	<u>169,508</u>	<u>-</u>	<u>169,508</u>
Total Expenses	<u>1,606,270</u>	<u>-</u>	<u>1,606,270</u>
<b>Change in Net Assets</b>	(166,760)	(231,686)	(398,446)
<b>Net Assets At Beginning Of Year</b>	<u>(49,228)</u>	<u>374,623</u>	<u>325,395</u>
<b>Net Assets At End Of Year</b>	<u>\$ (215,988)</u>	<u>\$ 142,937</u>	<u>\$ (73,051)</u>

The accompanying notes are integral parts of these financial statements

**LA UNION DEL PUEBLO ENTERO ("LUPE")  
STATEMENT OF FUNCTIONAL EXPENSE  
YEAR ENDED DECEMBER 31, 2007**

	Program Services			Supporting Services	
	Membership & Services	Community Empowerment	Total Program Services	Management and General	Total Expenses
Compensation and Benefits	\$ 556,465	\$ 439,312	\$ 995,777	\$ 11,382	\$ 1,007,159
Travel and Transportation	16,498	36,379	52,877	8,445	61,322
Office Facilities	57,501	34,330	91,831	7,206	99,037
Office Operations	51,604	60,041	111,645	17,954	129,599
Promotion and Communication	7,834	9,519	17,353	-	17,353
Outside and Professional Services	72,525	82,916	155,441	124,521	279,962
Client Services	10,000	-	10,000	-	10,000
Bad Debt	1,838	-	1,838	-	1,838
<b>TOTAL</b>	<b>\$ 774,265</b>	<b>\$ 662,497</b>	<b>\$ 1,436,762</b>	<b>\$ 169,508</b>	<b>\$ 1,606,270</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, 2007**

**Cash Flows from Operating Activities**

Increase (Decrease) in Net Assets	\$ (398,446)
Adjustments to reconcile Increase (Decrease) in Net Assets to Net Cash provided by Operating Activities:	
Depreciation	13,182
(Increase) Decrease in:	
Accounts Receivable	(8,687)
Employee Advances	406
Deposits and Prepaid Items	2,697
(Decrease) Increase in:	
Accounts Payable and Accrued expenses	<u>(91,137)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(481,985)</u>

**Cash Flows from Investing Activities**

Capital Additions	<u>(15,465)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(15,465)</u>

**Net Increase (Decrease) in Cash** (497,450)

**Cash at Beginning of Year** 503,998

**Cash at End of Year** \$ 6,548

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u>\$ -</u>
Cash paid during the year for taxes	<u>\$ -</u>

The accompanying notes are integral parts of these financial statements

LA UNION DEL PUEBLO ENTERO (“LUPE”)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**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 farmworkers, immigrants, and low income families in the United States.

The core of LUPE’s mission is its community-based leadership development program. Local leaders develop their skills by mobilizing local residents to address the issues that impact their lives. LUPE’s community leadership program is based upon the idea that every community, without regard to social, economic and physical conditions, has assets and resources that can be mobilized to act in their own best interests. LUPE seeks to increase the capacity of these community leaders through leadership training and empowerment so that they become more effective in advancing a social change agenda aimed at improving the health and well-being of individuals, families and communities.

Programs

LUPE believes that communities must be approached holistically. Poverty, poor health, undeveloped community infrastructure, cultural isolation, linguistic challenges, the lack of education and transportation, and indifference of governmental officials are all issues that impact many of the communities LUPE serves. Therefore, programs are very community focused, that include: public education, economic development, advocacy on immigration and health care issues and occupational health and safety.

Each office location provides critical support services for committee leaders and LUPE members. Services are tailored to the needs of each region, but generally include: ESL and GED classes, homeownership education, income tax services, immigration services, notary services and economic opportunity programs.

**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.

LA UNION DEL PUEBLO ENTERO (“LUPE”)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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

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, 2007 and no activity in the refundable advance account during 2007.

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.



LA UNION DEL PUEBLO ENTERO (“LUPE”)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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

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 2007 was \$13,182.

**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.

**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, 2007.

LA UNION DEL PUEBLO ENTERO (“LUPE”)  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2007

**NOTE 5 - RELATED PARTY TRANSACTIONS AND BALANCES**

During 2007 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 Amount <u>Purchased</u>	Payable Balance <u>12/31/2007</u>
United Farm Workers of America	\$ 68,598	\$ 14,342
National Farm Workers Service Center	71,990	19,016
F.E.R.N.I.	37,500	12,500
Juan de la Cruz Pension Plan	5,793	1,007
Robert F. Kennedy Medical Plan	117,005	13,048
F.I.E.L.D.	<u>25,000</u>	<u>-</u>
	<u>\$ 325,886</u>	<u>\$ 59,913</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 2007 the Organization recognized contribution revenue of \$23,200 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, 2007

**NOTE 7—RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

General Support	\$ 134,273
Education	<u>8,664</u>
	<u>\$ 142,937</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 2007 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, 2007 are as follows:

Year ended December 31,	<u>Amount</u>
2008	\$ 24,728
2009	17,834
2010	3,545
2011	<u>2,735</u>
Total	<u>\$ 48,842</u>

**NOTE 9—RETIREMENT PLAN**

The Organization provides retirement benefits to its employees through a defined contribution plan covering all full-time employees after 90 days of employment. The Organization contributes rates ranging from \$.05 to \$.20 per hour worked depending on employee longevity. Contributions to the plan during 2007 totaled \$5,793.