

SERVICIOS DE LA RAZA, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
WITH
INDEPENDENT AUDITORS' REPORTS
YEARS ENDED JUNE 30, 2010 and 2009**

**Feldhake &
Associates, P.C.**

Certified Public Accountants

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Feldhake & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Servicios de La Raza, Inc.
Denver, Colorado

We have audited the accompanying combined statements of financial position of Servicios de La Raza, Inc. (a nonprofit organization) as of June 30, 2010 and 2009, and the related combined statements of activities and changes in net assets, and cash flows for the years then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Servicios de La Raza, Inc. as of June 30, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Servicios de La Raza, Inc. taken as a whole. The accompanying supplemental information on pages 11 through 19 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Feldhake & Associates, P.C.

Greenwood Village, Colorado
October 27, 2010

SERVICIOS DE LA RAZA, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,537	\$ 20,270
Grant and contract receivables	70,050	94,152
Investments	133,045	159,729
Other current assets	6,215	7,136
	<u>284,847</u>	<u>281,287</u>
Real estate reserves and escrows	<u>71,235</u>	<u>69,213</u>
Property and equipment:		
Land, buildings and improvements	1,770,607	1,751,383
Equipment	116,370	116,370
Vehicles	21,399	21,399
	<u>1,908,376</u>	<u>1,889,152</u>
Accumulated depreciation	(1,310,017)	(1,269,887)
	<u>598,359</u>	<u>619,265</u>
	<u>\$ 954,441</u>	<u>\$ 969,765</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 5,657	\$ 6,483
Accrued payroll and related liabilities	44,172	37,241
Accrued other expense	7,943	7,853
Deferred revenue	3,443	3,522
Mortgage note, current portion	13,819	12,634
	<u>75,034</u>	<u>67,733</u>
Long term liabilities:		
Mortgage note	<u>606,937</u>	<u>620,755</u>
Net assets:		
Unrestricted	341,576	373,551
Temporarily restricted	(69,106)	(92,274)
	<u>272,470</u>	<u>281,277</u>
	<u>\$ 954,441</u>	<u>\$ 969,765</u>

The accompanying notes are an integral part of the combined financial statements

SERVICIOS DE LA RAZA, INC.
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2010		2009	
	Unrestricted	Temporarily restricted	Total	Total
Revenue and public support:				
Net client fees and Medicaid	\$ 32,474	\$ -	\$ 32,474	\$ 22,057
State of Colorado	210,601	-	210,601	172,833
City and County of Denver	454,433	-	454,433	331,245
Public support	282,488	49,198	331,686	208,482
Housing	-	168,906	168,906	183,376
Commercial rental, net of allocated costs of \$37,760 and \$56,596, respectively	(22,116)	-	(22,116)	-
Other	2,697	-	2,697	8,344
	<u>960,577</u>	<u>218,104</u>	<u>1,178,681</u>	<u>888,040</u>
	<u>194,936</u>	<u>(194,936)</u>	-	<u>176,760</u>
Net assets released from restrictions:				
Satisfaction of usage restrictions				(176,760)
Expenses:				
Program services:				
Housing	171,627	-	171,627	176,760
Workforce Investment Act (WIA)	113,646	-	113,646	135,182
Mental Health (MH)	165,833	-	165,833	114,764
Domestic Violence (DV)	71,885	-	71,885	62,542
Ryan White CARE (RW)	120,939	-	120,939	70,727
Basic Emergency (BE)	49,864	-	49,864	60,930
Minority Aids Initiative (MAI)	76,949	-	76,949	97,636
Stimulus Funded/Summer Youth Employment Program (SFSYEP)	115,133	-	115,133	9,634
Justice and Empowerment para Todos Partnership (JET)	29,888	-	29,888	-
Colorado Department of Human Services Domestic Violence Program (CDHSDV)	36,758	-	36,758	-
Victim of Crime Act Assistance Program (VOCA)	30,708	-	30,708	-
Victim Assistance Law Enforcement (VALE)	1,594	-	1,594	-
	<u>984,824</u>	-	<u>984,824</u>	<u>728,175</u>
General and administrative	184,817	-	184,817	184,295
Fundraising	17,847	-	17,847	-
	<u>202,664</u>	-	<u>202,664</u>	<u>184,295</u>
Change in net assets	(31,975)	23,168	(8,807)	17,716
Net assets- beginning of year	373,551	(92,274)	281,277	305,707
Reclassification of Housing net assets	-	-	-	(109,990)
Net assets-end of year	\$ 341,576	\$ (69,106)	\$ 272,470	\$ 281,277
				\$ (92,274)

The accompanying notes are an integral part of the combined financial statements

SERVICIOS DE LA RAZA, INC.
COMBINED STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ (8,807)	\$ (24,430)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	40,130	38,777
Changes in assets and liabilities:		
Accounts receivable and other	24,103	(40,800)
Prepaid expenses	1,196	(3,789)
Accounts payable and accrued expenses	6,011	(3,941)
Deferred revenue	(354)	3,077
	<u>62,279</u>	<u>(31,106)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(19,224)	(18,261)
Change in investments	24,852	(2,189)
	<u>5,628</u>	<u>(20,450)</u>
Cash flows from financing activities:		
Amortization of mortgage	(12,634)	(11,551)
Change in tenant security deposit liabilities	(6)	(235)
	<u>(12,640)</u>	<u>(11,786)</u>
Net increase in cash	55,267	(63,342)
Cash - beginning of year	<u>20,270</u>	<u>83,612</u>
Cash - end of year	<u>\$ 75,537</u>	<u>\$ 20,270</u>

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

SERVICIOS DE LA RAZA, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. **Summary of significant accounting policies**

The following is the summary of significant accounting policies of Servicios de La Raza, Inc. The financial statements and notes are representations of Servicios de La Raza, Inc's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied.

Organization and business activity

The La Raza Services, Inc. d/b/a Servicios de La Raza, Inc. (Organization) is a nonprofit corporation, incorporated under the laws of the State of Colorado. The Organization provides bilingual mental health, and social services in Denver, Colorado.

Servicios Housing, Inc. (Housing) is also a nonprofit corporation, incorporated in Colorado. Housing provides chronically mentally ill individuals with housing facilities in Denver, Colorado, especially designed to meet their physical, social and psychological needs.

Financial statement presentation

The Organization and Housing are considered to be under common management because the Organization's Board of Directors has the power to appoint and remove the members of the Board of Directors for Housing. Accordingly, the accounts of the Organization and Housing are combined for financial reporting purposes.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

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 estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. Summary of significant accounting policies (continued)

Basis of allocation of expenses

Salaries and wages are allocated to each component of general support and program services based on employee's function. Fringe benefits and payroll taxes are allocated on the same basis.

Costs for mental health services are allocated to mental health subprograms based on hours of service rendered by staff. Units of service rendered, represents the number of individual client contacts or the total hours expended providing services in the subprogram.

Statement of cash flows

The Organization and Housing consider cash to include currency on hand, checking and savings accounts, and investments with original maturities of three months or less. Interest expense paid during the year ended June 30, 2010 and 2009 was \$56,493 and \$57,576 respectively.

Income taxes

The Organization and Housing are nonprofit organizations under the laws of the State of Colorado and are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management does not believe the Organization has any material uncertain tax positions requiring evaluation.

Contributions

Contributions received are recorded as unrestricted and temporarily restricted depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Restrictions met in the same fiscal year in which the related contributions are received are recorded as unrestricted support.

Subsequent events

Subsequent events have been evaluated by management through October 27, 2010, the date these financial statements were available to be issued.

Leasing operations

Housing records leasing arrangements with tenants using the operating method. There are no leases with noncancelable terms in excess of one year.

1. Summary of significant accounting policies (continued)

Contributions in-kind

Many volunteers have donated time to the Organization's special events and program services. These services include volunteers for case management and crisis line programs. Also, certain materials and supplies were donated for the Fiesta special event. Donated goods are valued at the donee's assigned value or estimated fair market value. Personal services are valued based upon hourly wage rates paid for similar services. The value of these donated services, materials and supplies that are included in the financial statements and corresponding expenses for the years ended June 30, 2010 and 2009 are \$86,541 and \$1,200, respectively.

Mental Health Clinic

The Mental Health Clinic is partially funded by the Colorado Department of Human Services, Division of Behavioral Health and is based on unit cost reimbursement. All funds due are recorded when earned.

Colorado Access has the contract for disbursement of Medicaid in the City and County of Denver. The Organization has a contract with Colorado Access to provide services for Medicaid recipients. Contracts are initiated every year and provide funds for the clinic.

Client fees and Medicaid

Client fees are recorded with contractual adjustments and policy discounts to arrive at net revenue. They are reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered, and include estimated adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the same period the related services are rendered and subsequently adjusted in the future periods as final adjustments became known.

Investments

Funds are invested in a money market account. Investments are recorded at quoted market prices. Investment income, which consisted of interest income, for the years ended June 30, 2010 and 2009 was \$1,768 and \$2,595, respectively.

Advertising

The Organization expenses advertising costs when incurred.

Compensated absences

Vacation pay accrues to all eligible employees and is recorded when earned.

1. Summary of significant accounting policies (continued)

Grants and contracts/deferred revenue

Recognition of income from service grants and contracts generally corresponds with the incurrence of related expense.

Property and equipment

Building, furniture and equipment are stated at cost. Purchased assets over \$1,000 are capitalized. Donated assets in excess of \$1,000 are capitalized at estimated fair value.

Depreciation of building improvements, furniture, fixtures, equipment and vehicles are provided for over the estimated useful lives of the respective assets on a straight-line basis. Buildings are depreciated over period of 40 years and furniture, fixtures, equipment and vehicles are being depreciated over periods from three to seven years.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements in order to conform to the current year presentation, including reclassifying Servicios Housing's net assets from unrestricted to temporarily restricted.

2. Real estate reserves and escrows

The terms of the Servicios Housing, Inc., mortgage with the Department of Housing and Urban Development (HUD) require two reserve funds to be maintained: Reserve for Replacement and Residual Receipts Account. These funds cannot be used without written approval from HUD and are part of restricted cash. Real estate reserves and escrows also include tenant security deposits.

3. Operating lease commitments

The Organization currently leases office space to one not-for-profit and one community organization under month to month leases. Additionally, Housing operates 20 rental units under Section 202 of the National Housing Act. There are no leases with non-cancelable terms in excess of one year.

Properties held for rental comprise the following:

	June 30,	
	2010	2009
Servicios Housing	\$ 814,543	\$ 814,543
Servicios de La Raza	384,490	384,490
Less accumulated depreciation	<u>(679,272)</u>	<u>(647,514)</u>
	<u>\$ 519,761</u>	<u>\$ 551,519</u>

4. Mortgage note payable

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Servicios Housing, Inc. has a mortgage loan from HUD related to multi-family housing project No. 101-EH109-NP-CMI-L8. The loan is secured by a deed of trust on the real property. Interest accrues at 9% with monthly payments of \$5,761, including principal and interest. The note is due November 2028. Interest expense for the year ending June 30, 2010 and 2009 was \$56,399 and \$57,489.	\$620,756	\$633,390
Less current portion	<u>13,819</u>	<u>12,634</u>
	<u>\$606,937</u>	<u>\$620,756</u>

The following schedule of maturities for each of the next five years is as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2011	\$ 13,819
2010	15,121
2011	16,540
2012	18,091
2013	19,788
Thereafter	<u>537,397</u>
	<u>\$620,756</u>

5. Contingencies

Termination benefits

Servicios de La Raza, Inc. has contracts with certain employees that call for the payment of salaries upon termination. These payments range from one hour to five months of salary.

Federal awards

The Organization receives federal rewards through the State of Colorado and the City and County of Denver for specific purposes that are subject to review and audit by the granting agencies.

6. Concentration of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization places its cash and cash equivalents with creditworthy, high quality, financial institutions and certain accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the Organization's cash balances may have exceeded the \$250,000 limit.

Revenue generated from the performance contracts with the Mile High United Way, State of Colorado, City and County of Denver and HUD represent approximately 72% and 81% of the Organization's combined revenue during the year ended June 30, 2010 and 2009. The expectations of the Organization's management are that these relationships with the above agencies are not going to change significantly in the near future.

SUPPLEMENTAL INFORMATION

SERVICIOS DE LA RAZA, INC.
COMBINED SCHEDULES OF REVENUE AND PUBLIC SUPPORT

	Year ended June 30,			2009
	2010		Total	
	Unrestricted	Temporarily restricted		
Net client fees	\$ 32,474	\$ -	\$ 32,474	\$ 22,057
State of Colorado:				
Division of Behavioral Health	157,897	-	157,897	142,875
Division of Public Safety	30,491	-	30,491	29,958
Department of Human Services	22,213	-	22,213	-
	<u>210,601</u>	<u>-</u>	<u>210,601</u>	<u>172,833</u>
City and County of Denver:				
Direct - Workforce Investment Act (WIA)	99,198	-	99,198	-
Pass through - Urban Peak (WIA)	8,338	-	8,338	136,556
Denver Juvenile Probation - WIA	9,954	-	9,954	-
Stimulus Funded/Summer Youth Employment Program (SFSYEP)	126,938	-	126,938	-
Ryan White CARE (RW)	128,102	-	128,102	79,357
Minority Aids Initiative (MAI)	81,903	-	81,903	115,332
	<u>454,433</u>	<u>-</u>	<u>454,433</u>	<u>331,245</u>
Public support:				
Contributions	141,872	49,198	191,070	107,817
In-kind donations	65,583	-	65,583	1,200
Mile High United Way	75,033	-	75,033	99,465
	<u>282,488</u>	<u>49,198</u>	<u>331,686</u>	<u>208,482</u>
Housing	<u>-</u>	<u>168,906</u>	<u>168,906</u>	<u>169,370</u>
Other:				
Commercial rental, net	(22,116)	-	(22,116)	(24,291)
Other income	2,698	-	2,698	8,344
	<u>(19,418)</u>	<u>-</u>	<u>(19,418)</u>	<u>(15,947)</u>
	<u>\$ 960,578</u>	<u>\$ 218,104</u>	<u>\$ 1,178,682</u>	<u>\$ 888,040</u>

SERVICIOS DE LA RAZA, INC.
COMBINING SCHEDULE OF EXPENSES
YEAR ENDED JUNE 30, 2010

	Program Services											Supporting Services		Total		
	MH	BE	CDHSDV	DV	JET	RW	WIA	MAI	VOCA	SFSYBP	VALE	Housing	Program Services		Fundraising	Supporting Services
Personnel expenses:																
Salaries and wages	\$ 125,927	\$ 26,570	15,000	\$ 32,983	\$ 22,525	\$ 90,778	\$ 79,488	\$ 58,139	12,500	\$ 29,354	\$ 1,417	\$ 15,358	\$ 510,039	\$ 7,382	\$ 104,084	\$ 621,505
Payroll Taxes	5,932	1,959	1,148	2,195	1,723	6,763	5,995	4,422	956	2,246	108		33,447	565	8,435	42,447
Fringe benefits	10,455	1,028	931	3,546	2,321	8,497	6,539	4,530	680	2,169	69	8,472	49,237	525	11,907	61,669
	<u>142,314</u>	<u>29,557</u>	<u>17,079</u>	<u>38,724</u>	<u>26,569</u>	<u>106,038</u>	<u>92,022</u>	<u>67,091</u>	<u>14,136</u>	<u>33,769</u>	<u>1,594</u>	<u>23,850</u>	<u>592,723</u>	<u>8,472</u>	<u>124,426</u>	<u>725,621</u>
Other expense:																
Accounting and legal	1,699	902	-	926	-	1,047	2,001	1,446	-	72	-	8,079	16,172	-	2,718	18,890
Advertising	21	16	-	16	-	65	32	59	-	-	-	217	426	-	363	789
Auto expense	-	615	-	-	-	-	-	-	-	-	-	-	615	-	-	615
Bad debts	-	-	-	-	-	-	-	-	-	-	-	204	204	-	804	1,008
Contract services	5,994	139	-	293	-	552	743	250	-	70,378	-	23,269	94,190	-	7,650	101,840
Data processing	1,804	-	-	587	37	37	488	510	8	142	-	63	8,712	323	2,286	11,321
Dues and subscriptions	3,459	2,237	82	2,033	488	2,646	4,446	2,038	-	2,932	-	-	20,361	170	4,030	24,561
Equipment	1,339	755	-	798	377	1,366	2,371	986	-	589	-	4,276	12,857	-	1,716	14,573
Insurance	-	-	-	-	-	504	283	183	-	359	-	56,399	56,399	-	-	56,399
Interest	191	458	-	90	-	-	-	-	-	-	-	6,893	8,961	100	1,758	10,819
Maintenance	-	-	-	-	-	176	419	165	-	46	-	12,023	12,023	-	-	12,023
Management fees	460	-	-	1,000	-	-	-	-	-	-	-	-	2,266	120	365	2,751
Meetings and conferences	-	341	-	-	-	-	-	-	-	1,500	-	714	2,555	30	2,191	4,776
Miscellaneous	1,056	302	72	1,022	82	879	1,034	398	-	1,096	-	748	6,689	48	1,252	7,989
Office supplies	552	287	89	331	248	920	1,261	449	-	77	-	-	4,214	84	935	5,233
Postage and printing	837	7,642	7	56	36	3,007	406	337	-	1,125	-	-	13,453	218	55	13,726
Program costs	-	83	-	59	-	-	-	-	-	-	-	-	142	-	-	142
Property taxes	1,601	635	1,411	970	1,044	1,159	2,674	1,103	393	1,613	-	700	13,303	-	3,692	16,995
Telephone	390	498	75	3,163	571	397	735	161	234	325	-	205	6,754	87	2,224	9,065
Travel	3,205	1,445	-	1,068	436	1,224	3,765	1,072	-	1,110	-	16,893	30,218	-	4,014	34,232
Utilities	22,608	16,355	1,736	12,637	3,319	13,942	20,170	9,157	635	81,364	-	130,683	312,606	1,180	36,053	349,839
Total expense	164,922	45,912	18,815	51,361	29,888	119,980	112,192	76,248	14,771	115,133	1,594	154,513	905,329	9,652	160,479	1,075,460
In-kind donations	-	3,138	17,943	20,030	-	-	-	-	15,937	-	-	-	57,048	8,195	21,298	86,541
Depreciation and amortization	911	814	-	494	-	959	1,454	701	-	-	-	17,114	22,447	-	3,040	25,487
	<u>\$ 165,833</u>	<u>\$ 49,864</u>	<u>\$ 36,758</u>	<u>\$ 71,885</u>	<u>\$ 29,888</u>	<u>\$ 120,939</u>	<u>\$ 113,646</u>	<u>\$ 76,949</u>	<u>\$ 30,708</u>	<u>\$ 115,133</u>	<u>\$ 1,594</u>	<u>\$ 171,627</u>	<u>\$ 964,824</u>	<u>\$ 17,847</u>	<u>\$ 184,817</u>	<u>\$ 1,187,488</u>

SERVICIOS DE LA RAZA, INC.
COMBINING SCHEDULE OF EXPENSES
YEAR ENDED JUNE 30, 2009

	Program Services										Supporting Services		Total	
	MH	BE	CDHSDV	RW	WIA	MAI	SFSYEP	Housing	Program Services	Fundraising	Supporting Services	Total		
Personnel expenses:														
Salaries and wages	\$ 85,843	\$ 22,947	\$ 38,248	\$ 42,571	\$ 93,201	\$ 61,657	\$ 7,727	\$ 14,515	\$ 366,709	\$ -	\$ 116,678	\$ 483,387		
Payroll Taxes	3,128	1,664	2,732	3,154	6,971	4,679	591		22,919		9,537	32,456		
Fringe benefits	4,861	1,184	8,119	6,230	11,433	6,125	668	8,472	47,092		16,761	63,853		
	<u>93,832</u>	<u>25,795</u>	<u>49,099</u>	<u>51,955</u>	<u>111,605</u>	<u>72,461</u>	<u>8,986</u>	<u>22,987</u>	<u>436,720</u>	<u>-</u>	<u>142,976</u>	<u>579,696</u>		
Other expense:														
Accounting and legal	1,714	582	1,174	1,105	2,182	409	-	6,681	13,847	-	3,036	16,883		
Advertising	-	-	-	-	-	-	-	181	181	-	149	330		
Auto expense	-	871	-	-	-	1,600	-	-	2,471	-	59	2,530		
Bad debts	-	-	-	-	-	-	-	355	355	-	-	355		
Contract services	90	40	80	80	460	2,100	-	24,880	27,730	-	19,160	46,890		
Data processing	6,217	160	202	187	702	374	32	-	7,874	-	1,567	9,441		
Dues and subscriptions	1,360	-	150	85	-	2,000	-	66	3,661	-	540	4,201		
Equipment	2,232	265	2,256	5,057	3,626	3,269	-	-	16,705	-	2,459	19,164		
Insurance	1,440	140	1,579	1,602	2,020	1,440	-	3,894	12,115	-	580	12,695		
Interest	-	-	-	-	-	-	-	57,488	57,488	-	-	57,488		
Maintenance	583	398	673	926	2,059	1,585	50	9,401	15,675	-	1,144	16,819		
Management fees	-	-	-	-	-	-	-	11,979	11,979	-	-	11,979		
Meetings and conferences	274	120	749	594	50	4,249	-	-	6,036	-	631	6,667		
Miscellaneous	155	548	37	7	139	37	234	2,678	3,835	-	648	4,483		
Office supplies	679	126	411	1,178	899	3,167	52	897	7,409	-	1,181	8,590		
Postage and printing	305	172	252	1,194	832	131	-	-	2,886	-	502	3,388		
Program costs	179	28,439	-	1,711	2,396	687	237	-	33,649	-	1,020	34,669		
Property taxes	60	3	68	-	86	60	-	-	277	-	26	303		
Telephone	1,790	133	2,763	2,088	2,553	1,790	-	1,073	12,190	-	1,992	14,182		
Travel	537	603	1,264	914	1,036	260	-	390	5,004	-	879	5,883		
Utilities	2,066	597	1,448	1,302	3,257	1,387	43	16,695	26,795	-	3,706	30,501		
	<u>19,681</u>	<u>33,197</u>	<u>13,106</u>	<u>18,030</u>	<u>22,297</u>	<u>24,545</u>	<u>648</u>	<u>136,658</u>	<u>268,162</u>	<u>-</u>	<u>39,279</u>	<u>307,441</u>		
Total expense	113,513	58,992	62,205	69,985	133,902	97,006	9,634	159,645	704,882	-	182,255	887,137		
In-kind donations	-	1,200	-	-	-	-	-	-	1,200	-	-	1,200		
Depreciation and amortization	1,251	738	337	742	1,281	630	-	17,114	22,093	-	2,040	24,133		
	<u>\$ 114,764</u>	<u>\$ 60,930</u>	<u>\$ 62,542</u>	<u>\$ 70,727</u>	<u>\$ 135,183</u>	<u>\$ 97,636</u>	<u>\$ 9,634</u>	<u>\$ 176,759</u>	<u>\$ 728,175</u>	<u>\$ -</u>	<u>\$ 184,295</u>	<u>\$ 912,470</u>		

**SERVICIOS DE LA RAZA, INC.
FINANCIAL STATEMENTS
(Does Not Include Servicios Housing, Inc.)**

SERVICIOS DE LA RAZA, INC.
(Does not include Servicios Housing, Inc)
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 68,709	\$ 14,414
Grant and contract receivable	70,050	93,904
Deposits and prepaid expenses	5,102	6,875
Investments	133,045	159,729
	<u>276,906</u>	<u>274,922</u>
Property and equipment:		
Land, buildings and improvements	956,064	936,840
Equipment	116,370	116,370
Vehicles	21,399	21,399
	1,093,833	1,074,609
Accumulated depreciation	(930,896)	(907,880)
	<u>162,937</u>	<u>166,729</u>
	<u>\$ 439,843</u>	<u>\$ 441,651</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ -	\$ 2,300
Accrued payroll and related liabilities	44,172	37,241
Deferred revenue	3,100	3,454
	<u>47,272</u>	<u>42,995</u>
Net assets:		
Unrestricted	341,576	373,550
Temporarily restricted	50,995	25,106
	<u>392,571</u>	<u>398,656</u>
	<u>\$ 439,843</u>	<u>\$ 441,651</u>

SERVICIOS DE LA RAZA, INC.
(Does not include Servicios Housing, Inc)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2010			2009		
	Unrestricted	Temporarily restricted	Total	Total	Unrestricted	Temporarily restricted
Revenue and public support:						
Net client fees and Medicaid	\$ 32,474	\$ -	\$ 32,474	\$ 22,057	\$ 22,057	\$ -
State of Colorado	210,601	-	210,601	172,833	172,833	-
City and County of Denver	454,433	-	454,433	194,689	194,689	-
Public support	282,488	49,198	331,686	345,038	319,932	25,106
Commercial rental, net of allocated costs of \$37,760 and \$56,596, respectively	(22,116)	-	(22,116)	(24,291)	(24,291)	-
Other	2,698	-	2,698	8,344	8,344	-
	<u>960,578</u>	<u>49,198</u>	<u>1,009,776</u>	<u>718,670</u>	<u>693,564</u>	<u>25,106</u>
Net assets released from restrictions:						
Satisfaction of usage restrictions	<u>23,309</u>	<u>(23,309)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:						
Program services:						
Workforce Investment Act (WIA)	113,646	-	113,646	135,183	135,183	-
Mental Health (MH)	165,833	-	165,833	114,764	114,764	-
Domestic Violence (DV)	71,885	-	71,885	62,542	62,542	-
Ryan White CARE (RW)	120,939	-	120,939	70,727	70,727	-
Basic Emergency (BE)	49,864	-	49,864	60,930	60,930	-
Minority Aids Initiative (MAI)	76,949	-	76,949	97,636	97,636	-
Stimulus Funded/Summer Youth Employment Program (SFSYEP)	115,133	-	115,133	9,634	9,634	-
Justice and Empowerment para Todos Partnership (JET)	29,888	-	29,888	-	-	-
Colorado Department of Human Services Domestic Violence Program (CDHSDV)	36,758	-	36,758	-	-	-
Victim of Crime Act Assistance Program (VOCA)	30,708	-	30,708	-	-	-
Victim Assistance Law Enforcement (VALE)	1,594	-	1,594	-	-	-
	<u>813,197</u>	<u>-</u>	<u>813,197</u>	<u>551,416</u>	<u>551,416</u>	<u>-</u>
General and administrative	184,817	-	184,817	184,295	184,295	-
Fundraising	17,847	-	17,847	-	-	-
	<u>202,664</u>	<u>-</u>	<u>202,664</u>	<u>184,295</u>	<u>184,295</u>	<u>-</u>
Change in net assets	<u>(31,974)</u>	<u>25,889</u>	<u>(6,085)</u>	<u>(17,041)</u>	<u>(42,147)</u>	<u>25,106</u>
Net assets- beginning of year	<u>373,550</u>	<u>25,106</u>	<u>398,656</u>	<u>415,697</u>	<u>415,697</u>	<u>-</u>
Net assets-end of year	<u>\$ 341,576</u>	<u>\$ 50,995</u>	<u>\$ 392,571</u>	<u>\$ 398,656</u>	<u>\$ 373,550</u>	<u>\$ 25,106</u>

SERVICIOS DE LA RAZA, INC.
(Does not include Servicios Housing, Inc)
STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ (6,085)	\$ (17,041)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,016	21,663
Changes in assets and liabilities:		
Accounts receivable and other	23,854	(40,578)
Prepaid expenses	1,773	(4,047)
Accounts payable and accrued expenses	4,631	(3,538)
Deferred revenue	(354)	3,077
	46,835	(40,464)
Cash flows from investing activities:		
Acquisition of property and equipment	(19,224)	(18,261)
Change in investments	26,684	(2,595)
	7,460	(20,856)
Net decrease in cash	54,295	(61,320)
Cash - beginning of year	14,414	75,734
Cash - end of year	\$ 68,709	\$ 14,414

**MENTAL HEALTH SERVICES
SUPPLEMENTAL FINANCIAL INFORMATION**

**SERVICIOS DE LA RAZA, INC.
MENTAL HEALTH SERVICES DIVISION
STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2010	2009
ASSETS		
Current assets:		
Accounts receivable:		
Colorado Access for Medicaid	\$ 5,467	\$ 7,153
Colorado Department of Human Services	-	23,812
	\$ 5,467	\$ 30,965
	\$ 5,467	\$ 30,965
 LIABILITIES AND NET ASSETS		
 Intracompany advances	 \$ (10,318)	 \$ 28,206
 Net assets, unrestricted	 <u>15,785</u>	 <u>2,759</u>
	\$ 5,467	\$ 30,965

SERVICIOS DE LA RAZA, INC.
MENTAL HEALTH SERVICES DIVISION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year ended June 30,	
	2010	2009
Revenue and public support:		
Net client fees	\$ 32,684	\$ 21,942
Colorado Department of Human Services	157,897	142,875
Public support	14,811	10,352
	<u>205,392</u>	<u>175,169</u>
Expenses:		
Program	165,833	114,764
Administrative	26,533	34,716
	<u>192,366</u>	<u>149,480</u>
Change in net assets	13,026	25,689
Net assets - beginning of year	<u>2,759</u>	<u>(22,930)</u>
Net assets - end of year	<u><u>\$ 15,785</u></u>	<u><u>\$ 2,759</u></u>

**SERVICIOS DE LA RAZA, INC.
MENTAL HEALTH SERVICES DIVISION
STATEMENTS OF CASH FLOWS**

	Year ended June 30,	
	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 13,026	\$ 25,689
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable and other	25,498	(16,980)
Intracompany advances	(38,524)	(8,709)
Net cash provided by operating activities	\$ -	\$ -

Feldhake & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors
Servicios de La Raza, Inc.
Denver, Colorado

We have audited the financial statements of Servicios de La Raza, Inc. as of and for the year ended June 30, 2010 and our report thereon dated October 27, 2010, which expressed an unqualified opinion on those financial statements, appears on page two. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Unit Cost Report on page 21, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Feldhake & Associates, P.C.

Greenwood Village, Colorado
October 27, 2010

SERVICIOS DE LA RAZA, INC.
UNIT COST REPORT
UNAUDITED

Payer	1 Total Allocated Cost for Encounter- Based Mental Health Services (From Schedule 5)	2 Clients	3 Average Cost per Client (Column 1/Column 2)
Encounter-Based Programs			
Medicaid/HCPF Capitation Program	\$ 98,477	20	\$ 4,923.83
Medicaid FFS	\$ -	-	\$ -
DBH	\$ 68,504	57	\$ 1,201.82
Medicare	\$ -	-	\$ -
Other	\$ 53,169	18	\$ 2,953.86

Total Facility Dollars	Total Cost for Center (From Schedule 2)	Unduplicated Client Count for Center	Average Cost Per Client
	\$ 192,366	95	\$ 2,024.90