

LATIN AMERICAN COALITION

FINANCIAL STATEMENTS
JUNE 30, 2021

Latin American Coalition
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Latin American Coalition
Charlotte, North Carolina

We have audited the accompanying financial statements of Latin American Coalition (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, 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.

Auditor's 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 in the first paragraph present fairly, in all material respects, the financial position of Latin American Coalition, as of June 30, 2021 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.

C. Dewitt Foard & Company, P.A.
June 16, 2022

LATIN AMERICAN COALITION**Statement of Financial Position****June 30, 2021**

ASSETS

Current Assets:

Cash and cash equivalents	\$	690,899
Grants receivable		355,852
Sales tax receivable		2,086
Prepaid expenses		8,883

Total Current Assets **1,057,720**

Property and equipment, net 13,500

TOTAL ASSETS **\$ 1,071,220**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$	14,567
Accrued payroll		19,007
Line of credit		13,000
Deferred sponsorships		5,000

Total Current Liabilities **51,574**

Net Assets:

Without donor restrictions;

Board designated	695
Undesignated	719,855

Total without donor restrictions 720,550With donor restrictions 299,096

Total Net Assets **1,019,646**

TOTAL LIABILITIES AND NET ASSETS **\$ 1,071,220**

LATIN AMERICAN COALITION**Statement of Activities****Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
Contributions and grants	\$ 758,517	\$ 739,912	\$ 1,498,429
Program revenue	41,432	-	41,432
Investment income	66	-	66
Net assets released from restrictions:			
Satisfied by time	137,500	(137,500)	-
Satisfied by payments	680,640	(680,640)	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>1,618,155</i>	<i>(78,228)</i>	<i>1,539,927</i>
<u>EXPENSES</u>			
Program services	667,594	-	667,594
Management and general	67,098	-	67,098
Fund raising	90,396	-	90,396
<i>TOTAL EXPENSES</i>	<i>825,088</i>	<i>-</i>	<i>825,088</i>
<i>CHANGE IN NET ASSETS</i>	<i>793,067</i>	<i>(78,228)</i>	<i>714,839</i>
<i>NET ASSETS, BEGINNING</i>	<i>(72,517)</i>	<i>377,324</i>	<i>304,807</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 720,550</i>	<i>\$ 299,096</i>	<i>\$ 1,019,646</i>

LATIN AMERICAN COALITION**Statement of Functional Expenses****Year Ended June 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel	\$ 458,860	\$ 32,871	\$ 39,344	\$ 531,075
Client services	20,745	-	-	20,745
Insurance	3,485	392	479	4,356
Meals	990	-	200	1,190
Occupancy	88,676	9,976	12,193	110,845
Operations	30,562	3,361	14,342	48,265
Professional services	32,719	19,620	-	52,339
Supplies	8,529	155	305	8,989
Telephone	7,041	-	-	7,041
Training	390	5	538	933
Events	750	-	17,293	18,043
Marketing	14,847	-	5,702	20,549
Interest	-	718	-	718
<i>TOTAL EXPENSES</i>	\$ 667,594	\$ 67,098	\$ 90,396	\$ 825,088

LATIN AMERICAN COALITION**Statement of Cash Flows****Year Ended June 30, 2021**

OPERATING ACTIVITIES

Change in net assets	\$	714,839
Adjustments to reconcile change in net assets to cash flows from operating activities:		
(Increase) decrease in operating assets:		
Grants receivable		(89,775)
Sales tax receivable		133
Prepaid expenses		(8,299)
Other asset		20,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		7,096
Accrued payroll		4,612
Deferred sponsorships		(20,000)
Refundable advance		(90,104)
<u>Cash Flows From Operating Activities</u>		<u>538,502</u>

INVESTING ACTIVITIES

Purchase of property and equipment		(13,500)
<u>Cash Flows From Investing Activities</u>		<u>(13,500)</u>

CHANGE IN CASH **525,002****CASH AND CASH EQUIVALENTS, BEGINNING** **165,897****CASH AND CASH EQUIVALENTS, ENDING** **\$ 690,899**

Latin American Coalition
Notes to Financial Statements
June 30, 2021

NOTE 1 – NATURE OF ACTIVITIES

The Latin American Coalition (the “Organization”) founded in November 1990, is Charlotte's oldest and largest Hispanic service agency. It is dedicated to educating Latino immigrant newcomers, celebrating Hispanic culture, and advocating for underserved segments of the population. Programs and initiatives include economic development services, legal immigration counsel, community organizing, cultural festivals, general assistance and adult education.

The Coalition is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state taxes. The Organization is not classified as a private foundation under Section 509(a)(1) of the Internal Revenue Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are currently available for use in the day-to-day operation of the Organization. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying financial statements. At year-end, Board-designated funds consisted of \$695 for the capital campaign.

Net assets with donor restrictions – Net assets with donor restrictions may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time and perpetual in nature, which are subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. During the year, the Organization had no net assets with the stipulation to be maintained in perpetuity.

Revenue Recognition

The Organization adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (ASU 2014-09)*, for the year ended June 30, 2021. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The implementation of this standard had no impact on the Organization’s financial statements.

Latin American Coalition
Notes to Financial Statements
June 30, 2021

Contributions

The Organization reports contributions, gifts of cash, and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Restricted contributions are reported as increases in net assets without donor restrictions if the restrictions are accomplished in the reporting period in which the contributions are recognized. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants Receivable

Grants receivable are recognized on the day an award agreement is signed or, if earlier, on the day a written notification is received and are classified as net assets with or without donor restrictions based on the existence or absence of donor-imposed restrictions. All grants receivable are expected to be collected within one year. The Organization utilizes the direct write-off method when a specific grant is deemed uncollectible. Based on the historical collectability of the grantor organizations, management has determined that no allowance for doubtful accounts is needed.

Deferred Sponsorships

Deferred sponsorships at year-end consists of sponsorships for events that took place in the subsequent fiscal year.

Cash and Cash Equivalents

The Organization considers demand deposits held with financial institutions with fixed maturities of three months or less to be cash equivalents.

Property

Property, equipment and leasehold improvements exceeding \$1,000 are recorded at cost or fair value at the date of donation. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to ten years. Leasehold improvements are amortized over the shorter of the lease term or useful life.

Functional Allocation of Expenses

The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fundraising activities and general and administrative activities. Accordingly, certain costs have been allocated among programs and support services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Occupancy	Square footage
Office expense	Square footage
Subcontractors	Time and effort
Communications and marketing	Time and effort

Latin American Coalition
Notes to Financial Statements
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In-Kind Contributions

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded no contributed services or donated goods.

In addition, many individuals, including members of the Board of Directors, volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment as of year-end consists of the following:

Leasehold improvements	\$ 5,390
Vehicles	15,617
Furniture, fixtures and equipment	<u>2,856</u>
	23,863
Less - accumulated depreciation	<u>10,363</u>
	<u>\$ 13,500</u>

Due to the timing of new assets placed in service, there was no depreciation expense for the year.

NOTE 4 – LINE OF CREDIT

The Organization has a \$50,000 revolving line of credit with a local bank (the “Bank”). Interest only is due monthly at the Bank’s prime rate plus 2.2 percent. At year-end there was an outstanding balance of \$13,000 and the interest rate was 5.45 percent.

Latin American Coalition
Notes to Financial Statements
June 30, 2021

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at year-end consist of the following:

Time and purpose restricted net assets:

Time-restricted:

United Way allocation	\$	70,000
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Program restricted:

Advocacy	9,000
East West Community Program	3,184
Economic Mobility / Workers Center	24,956
Youth Center	43,619
Immigrant Welcome Center	23,084
Immigrant Law Center	15,749
Technology	14,640
Helpline Assistance / COVID Relief / Vaccine Initiative	46,664
Capital Campaign	48,200

<u>\$</u>	<u>299,096</u>
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NOTE 6 - LEASE COMMITMENTS

The Organization leased its office space under an operating lease agreement. Lease payments for the year totaled \$99,600. The lease agreement included an option for the Organization to purchase the facility. Subsequent to year-end, the Organization executed the option and purchased the building for \$1,180,000. The Organization entered into a term loan agreement with PNC Bank for \$1,062,000 for the purpose of financing the building purchase. The loan bears interest at a fixed rate per annum of 3.133%. Principal and interest payments are due and payable in equal monthly installments of \$5,991 and commenced on December 10, 2021. The loan matures on November 10, 2031, with a final one-time balloon payment due at that time.

NOTE 7 – PAYROLL PROTECTION PROGRAM

During the previous fiscal year, the Organization obtained a refundable advance for \$90,104 as part of the Payroll Protection Program to mitigate the effects of the COVID-19 pandemic. During the current fiscal year, the Organization obtained a second refundable advance for \$87,061. Both advances were formally forgiven during the year and the funds were recognized as grant income in the accompanying financial statements.

Latin American Coalition
Notes to Financial Statements
June 30, 2021

NOTE 8 - CONCENTRATION OF RISK AND ECONOMIC DEPENDENCY

Support and Revenue

The Organization receives a significant amount of its funding from a limited number of sources. During the year, the Organization received approximately 37 percent of its operating funding from three sources and at year-end approximately 77 percent of its total grants receivable are due from three sources. The Organization also operates and receives funding within a limited geographical area.

Cash and Certificates of Deposit

Cash in bank accounts and certificates of deposit are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Organization at year-end, includes \$115,290 in excess of insured limits covered by the FDIC.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$1,048,837 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$690,899 and receivables of \$357,938, which are expected to be collected during the year. Of this total \$229,096 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a line of credit in the amount of \$50,000 with Fifth Third Bank that is available as needed.

NOTE 10 – UNCERTAINTY

In March 2020, the World Health Organization declared the incidence of COVID-19 a pandemic. Since that time, COVID-19's effect has adversely impacted local, national and global economies. The extent to which COVID-19 impacts the Organization's future operations and financial results are dependent on the breadth and duration of the pandemic and cannot be reasonably estimated at this time.

NOTE 11 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified, except as noted in Note 6.