

EMPOWERING LATINO FUTURES

**Financial Statements
And
Independent Auditor's Report**

As of and for the Year Ended December 31, 2020

**Conlon and Associates
Certified Public Accountant**

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CONLON AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Empowering Latino Futures
Fallbrook, California

We have audited the accompanying financial statements of Empowering Latino Futures (Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses 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 from 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 Empowering Latino Futures as of December 31, 2020, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of Organization to continue as a going concern for one year after the date that the financial statements are issued.

December 31, 2021

EMPOWERING LATIO FUTURES
Statement of Financial Position
As of December 31, 2020

ASSETS

Cash	\$ 13,504
Property and equipment, net	<u>1,149</u>

TOTAL ASSETS 14,653

LIABILITIES

Loan payable	33,900
Other liability	9,000
Due to related entities	<u>99,844</u>

TOTAL LIABILITIES 142,744

NET ASSETS

Without donor restrictions	<u>-128,091</u>
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TOTAL NET ASSETS -128,091

TOTAL LIABILITIES AND NET ASSETS \$ 14,653

The Auditor's Report and the Notes to the Financial Statements are an Integral Part of These Statements

EMPOWERING LATINO FUTURES
Statement of Activities
For the Year Ended December 31, 2020

REVENUE AND SUPPORT

Contributions and grants	\$ 11,054
Events	51,143
Membership	2,511
Other	1,750
Contributions, in-kind	<u>68,328</u>
TOTAL REVENUE AND SUPPORT	<u>134,786</u>

EXPENSES

Program	113,999
Management and general	21,197
Fundraising	<u>5,719</u>
TOTAL EXPENSES	<u>140,897</u>

CHANGE IN NET ASSETS -6,755

NET ASSETS AT BEGINNING OF YEAR -121,337

NET ASSETS AT END OF YEAR \$ -128,092

EMPOWERING LATINO FUTURES
Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ -6,755
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:	
operating activities:	
Depreciation	144
Decrease in advance	<u>500</u>
Net cash used for operating activities	<u>-6,111</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>-1,293</u>
Net cash used for investing activities	<u>-1,293</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in loan payable	33,900
Decrease in amounts due to related entities	-33,375
Net cash provided by financing activities	525

NET CHANGE IN CASH -6,879

CASH AT BEGINNING OF YEAR 20,382

CASH AT END OF YEAR \$ 13,503

EMPOWERING LATINO FUTURES
Statement of Functional Expenses
For the Year Ended December 31, 2020

Expense Category	Total	Program	Management And General	Fundraising
Book festivals	\$ 3,013	\$ 3,013	\$ -	\$ -
Facilities, in-kind	8,000	4,000	3,600	400
Contract labor	51,544	49,398	2,146	-
Grant research	4,082	-	-	4,082
Insurance	3,777	2,441	1,336	-
Media, in-kind	36,328	36,328	-	-
Office	5,111	4,297	814	-
Rent, in-kind	24,000	12,000	11,000	1,000
Utilities	1,721	861	780	80
Website	3,321	1,661	1,495	165
Total	\$ 140,897	\$ 113,999	\$ 21,171	\$ 5,727

The Auditor's Report and the Notes to the Financial Statements are an Integral Part of These Statements

EMPOWERING LATINO FUTURES

Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Empowering Latino Futures (Organization) (formerly Latino Literacy Hall of Fame and Latino Literacy Now, is a nonprofit corporation. It was incorporated in the State of California in 2000.

Our mission is to remove barriers to educational and professional success for Latinos, Latinas, and other underserved communities by creating products, services, content, partnerships, and programs that lead to equal opportunity for all.

Fiscal Year

The Organization's fiscal year reporting period is the calendar year.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: net assets without donor restrictions, net assets with donor restrictions, and permanently restricted net assets. The Organization did not have any restricted net assets on December 31, 2020.

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: (1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and (2) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes, as an organization described under Section 501(c) (3) of the Internal Revenue Code. The Organization is required annually to file a Return of Organization Exempt from Income Taxes (Form 990) with the Internal Revenue Service. The Organization's income tax return is subject to review and examination by federal and state authorities. The Organization is subject to income tax on net income that is derived

EMPOWERING LATINO FUTURES

Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes (Continued)

from business activities that are unrelated to its exempt purpose. The Organization did not have any unrelated business income for the year ended June 30, 2020. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

Revenue Recognition

The Organization recognizes revenue in accordance with FASB ASC 958, as updated by FASB Accounting Standards Update (ASU) 2018-08. The Organization recognizes all unconditional contributed support in the period in which the commitment to give is made. Grants and contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. The Organization reports grants of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Statement of Activities as net assets released from restrictions.

Fair Value Measurement

The Organization adopted the provisions of FASB ASC 820, Fair Value Measurement. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy, based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for its financial investments at fair value or considers fair value in their measurement.

Functional Expense Allocation

The Organization's expenses are categorized by function, and allocated between the areas of program, management and general, and fundraising expenses.

EMPOWERING LATINO FUTURES

Notes to Financial Statements

NOTE 2: IN-KIND CONTRIBUTIONS

The value of in-kind contributions, which satisfy the requirements for recognition in the financial statements, has been recorded as revenue. This revenue consists of donated office facility space of \$8,000 and donated rent of \$24,000 and media of \$36,328. The revenue is matched by expenses in the same amount.

NOTE 3: LOAN PAYABLE

The loan payable is from the United States Small Business Administration in the amount of \$34,000. The loan is for a period of thirty years, with an interest rate of 2.75 percent. The collateral is all tangible and intangible property of the Organization.

NOTE 4: OTHER LIABILITY

The other liability of \$9,000 consists of funds advanced by the California Space Grant Foundation.

NOTE 5: DUE TO RELATED ENTITIES

This consists of a total of \$99,844 due to a for-profit company owned by the Organization's President.

NOTE 6: SUBSEQUENT EVENTS

In preparing these statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 31, 2021, the date the financial statements were available to be issued. The Organization continues to monitor closely its liquidity and actively works to identify and minimize any impact the coronavirus pandemic may have on its activities. These financial statements do not include adjustments to fair value that may have resulted from declines related to the pandemic.