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Audited Financial Statements

December 31, 2022



Independent Auditor's Report

To the Board of Trustees of
Hispanic Federation, Inc.

Opinion

We have audited the accompanying financial statements of Hispanic Federation, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended December 31, 2021, were audited by other auditors whose report dated May 10, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the audited financial statements from which it was derived.

Sax CPAs LLP

New York, NY
May 11, 2023

HISPANIC FEDERATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(With comparative totals as of December 31, 2021)

Assets	<u>12/31/22</u>	<u>12/31/21</u>
Current assets:		
Cash and cash equivalents:		
General operations	\$16,750,083	\$21,838,793
Funds set aside for the UNIDOS Disaster Relief and Recovery Program	3,848,502	3,194,654
Total cash and cash equivalents	<u>20,598,585</u>	<u>25,033,447</u>
Investments (Note 3)	7,785,351	8,242,460
Investments for donor-advised funds (Note 4)	4,141,365	3,871,236
Government grants and contracts receivable	2,749,776	4,105,914
Contributions receivable, net (Note 5)	7,808,845	4,432,819
Other receivables	100,000	72,000
Prepaid expenses and other assets	94,223	190,024
Total current assets	<u>43,278,145</u>	<u>45,947,900</u>
Operating lease right-of-use asset (Note 6)	303,055	0
Property and equipment, net (Note 7)	4,163,974	4,351,655
Total non-current assets	<u>4,467,029</u>	<u>4,351,655</u>
 Total assets	 <u><u>\$47,745,174</u></u>	 <u><u>\$50,299,555</u></u>
 Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$892,448	\$989,455
Grants and donations payable	2,327,938	5,336,385
Refundable advances	166,409	91,504
Deferred revenue	10,000	190,000
Total current liabilities	<u>3,396,795</u>	<u>6,607,344</u>
Operating lease liability (Note 6)	306,300	0
Total liabilities	<u>3,703,095</u>	<u>6,607,344</u>
Commitments and Contingencies (Note 8)		
Net assets:		
Without donor restrictions	12,006,980	11,896,610
With donor restrictions - purpose (Note 9)	32,035,099	31,795,601
Total net assets	<u>44,042,079</u>	<u>43,692,211</u>
Total liabilities and net assets	<u><u>\$47,745,174</u></u>	<u><u>\$50,299,555</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

HISPANIC FEDERATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

(With comparative totals for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/22	Total 12/31/21
Revenue and support:				
Contributions	\$3,239,354	14,864,659	\$18,104,013	\$13,276,655
Contributions for UNIDOS disaster relief and recovery program		1,419,054	1,419,054	1,128,131
Contributions for COVID19 Relief		75,000	75,000	20,629,258
Contributions to donor-advised funds (Note 4)	3,677,332		3,677,332	3,493,567
In-kind donations (Note 2m)	1,189,327		1,189,327	1,786,969
Government grants	10,203,447		10,203,447	8,339,389
Paycheck Protection Program grant (Note 10)			0	940,335
Event income (net of expenses with a direct benefit to donor) (Note 11)	2,642,536		2,642,536	1,582,330
Investment return, net of fee (Note 3)	(1,713,038)		(1,713,038)	952,949
Other income	594,986		594,986	68,519
Net assets released from restrictions (Note 9)	16,119,215	(16,119,215)	0	0
Total revenue and support	<u>35,953,159</u>	<u>239,498</u>	<u>36,192,657</u>	<u>52,198,102</u>
Expenses:				
Program services:				
Advocacy	4,001,577		4,001,577	2,315,983
Community assistance	18,543,663		18,543,663	22,959,180
Organization development assistance	5,618,275		5,618,275	3,086,181
Technical assistance	3,721,346		3,721,346	4,173,856
Total program services	31,884,861	0	31,884,861	32,535,200
Supporting services:				
Management and general	2,400,765		2,400,765	2,615,119
Fundraising	1,557,163		1,557,163	1,696,412
Total supporting services	3,957,928	0	3,957,928	4,311,531
Total expenses	<u>35,842,789</u>	<u>0</u>	<u>35,842,789</u>	<u>36,846,731</u>
Change in net assets	110,370	239,498	349,868	15,351,371
Net assets - beginning of year	11,896,610	31,795,601	43,692,211	28,340,840
Net assets - end of year	<u>\$12,006,980</u>	<u>\$32,035,099</u>	<u>\$44,042,079</u>	<u>\$43,692,211</u>

The attached notes and auditor's report are an integral part of these financial statements.

HISPANIC FEDERATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	Program Services				Supporting Services				Total Expenses 12/31/22	Total Expenses 12/31/21
	Advocacy	Community Assistance	Organizational Development Assistance	Technical Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$942,355	\$1,836,703	\$200,715	\$832,672	\$3,812,445	\$1,236,634	\$733,960	\$1,970,594	\$5,783,039	\$5,232,439
Payroll taxes and employee benefits	275,238	536,454	58,624	243,202	1,113,518	361,189	214,371	575,560	1,689,078	1,385,358
Total salaries and related expenses	1,217,593	2,373,157	259,339	1,075,874	4,925,963	1,597,823	948,331	2,546,154	7,472,117	6,617,797
Contributions and grants	652,074	6,667,654	5,212,803	462,656	12,995,187			0	12,995,187	14,675,579
Disaster assistance	15,312	2,226,351		27,981	2,269,644			0	2,269,644	5,026,227
Consultants	566,492	1,257,531	30,842	286,467	2,141,332	166,750	316,966	483,716	2,625,048	2,270,611
Subcontract expenses	442,240	2,619,982		1,157,025	4,219,247			0	4,219,247	2,608,581
Legal and accounting		37,500			37,500	155,200	1,118	156,318	193,818	149,647
Public relations and outreach	43,338	839,789		18,424	901,551			0	901,551	447,000
Public relations and outreach in-kind		1,189,327			1,189,327			0	1,189,327	1,786,969
Catering and museum admission	20,115	46,552	2,380	3,345	72,392	10,035	7,377	17,412	89,804	34,528
Occupancy	54,712	98,488	7,347	177,408	337,955	33,018	3,935	36,953	374,908	330,773
Credit card and other fees	5,832	35,311	3,391	1,181	45,715	40,116	17,719	57,835	103,550	43,406
Office expenses	34,144	96,594	724	22,037	153,499	24,538	31,538	56,076	209,575	130,247
Information and technology	40,348	86,273	11,836	46,395	184,852	32,832	16,084	48,916	233,768	343,495
Travel, lodging and transportation	41,440	76,008	1,072	7,593	126,113	17,487	33,810	51,297	177,410	92,649
Gala and event expenses					0		488,421	488,421	488,421	40,133
Conferences and meetings	30,428	76,307	628	10,313	117,676	29,243	15,312	44,555	162,231	83,261
Scholarships	10,815	101,940	67,325	4,800	184,880			0	184,880	290,912
Internships and stipends	659,287	493,336		305,054	1,457,677	998		998	1,458,675	760,222
Insurance					0	79,998		79,998	79,998	91,214
Repairs and maintenance	37,720	41,863	16,064	22,593	118,240	14,470	19,167	33,637	151,877	130,803
Other expenses	100,601	138,857	1,485	61,710	302,653	30,755	127,910	158,665	461,318	315,117
Depreciation	29,086	40,843	3,039	30,490	103,458	167,502	5,029	172,531	275,989	257,176
Interest					0			0	0	2,469
Bad debt					0			0	0	350,723
Total other expenses	2,783,984	16,170,506	5,358,936	2,645,472	26,958,898	802,942	1,084,386	1,887,328	28,846,226	30,261,742
Total expenses	4,001,577	18,543,663	5,618,275	3,721,346	31,884,861	2,400,765	2,032,717	4,433,482	36,318,343	36,879,539
Less: direct costs of special events					0		(475,554)	(475,554)	(475,554)	(32,808)
Total expenses reported by function on the statement of activities	\$4,001,577	\$18,543,663	\$5,618,275	\$3,721,346	\$31,884,861	\$2,400,765	\$1,557,163	\$3,957,928	\$35,842,789	\$36,846,731

The attached notes and auditor's report are an integral part of these financial statements.

HISPANIC FEDERATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

(With comparative totals for the year ended December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Cash flows from operating activities:		
Change in net assets	\$349,868	\$15,351,371
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	275,989	257,176
Forgiveness of Payroll Protection Program loan	0	(940,335)
Bad debt expense	0	350,723
Realized gain on sale of investments	(72,614)	(435,567)
Unrealized (loss)/gain on investments	1,973,476	(397,723)
Changes in assets and liabilities:		
Government grants and contracts receivable	1,356,138	(3,021,511)
Contributions receivable	(3,376,026)	(3,746,655)
Other receivables	(28,000)	(72,000)
Prepaid expenses and other assets	95,801	32,762
Operating lease assets and liabilities	3,245	0
Accounts payable and accrued expenses	(97,007)	389,059
Grants and donations payable	(3,008,447)	2,334,717
Refundable advances	74,905	91,504
Deferred revenue	(180,000)	187,550
Total adjustments	<u>(2,982,540)</u>	<u>(4,970,300)</u>
Net cash (used for)/provided by operating activities	<u>(2,632,672)</u>	<u>10,381,071</u>
Cash flows from investing activities:		
Purchase of investments	(4,592,789)	(4,079,305)
Proceeds from sale of investments	3,034,271	1,995,269
Investment income reinvested	(155,364)	(119,659)
Purchase of fixed assets	(88,308)	(69,059)
Net cash used for investing activities	<u>(1,802,190)</u>	<u>(2,272,754)</u>
Net (decrease)/increase in cash and cash equivalents	(4,434,862)	8,108,317
Cash and cash equivalents - beginning of year	<u>25,033,447</u>	<u>16,925,130</u>
Cash and cash equivalents - end of year	<u>\$20,598,585</u>	<u>\$25,033,447</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$0</u>	<u>\$2,469</u>

The attached notes and auditor's report are an integral part of these financial statements.

HISPANIC FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Organization

The Hispanic Federation, Inc. (“Organization”) was incorporated under the laws of the state of New York on July 3, 1990, as a not-for-profit organization. The Organization is the nation’s premier Latino nonprofit membership organization with offices in New York, Washington, D.C., Connecticut, North Carolina, Florida, Illinois, and Puerto Rico. The Organization uplifts millions of Hispanic children, youth, and families locally and nationally through four essential service pillars:

- **Community assistance** programs that support and uplift Latino families and communities with direct social services in the areas of education, immigration, health care, economic development, and the environment. In 2022, the Organization focused its efforts on emergency assistance, farm and food workers relief aid, and reducing the impact of COVID-19 in Latino communities nationwide.
- **Organizational Development Assistance** that fortifies a network of more than 600 Latino front-line grassroots organizations with emergency assistance, programmatic, and capacity-building grants that help its nonprofit grantees address emerging and growing community and operational needs.
- **Technical assistance** programs designed to help its network of Latino nonprofit member agencies support their core operational and infrastructural needs, including board governance, staff leadership development, fundraising, financial management, strategic planning, program development and other critical areas.
- **Advocacy** services focused on advancing the interests and aspirations of Latinos and their community-based organizations through, among other things, coalition building, policy research, public education, advocacy, and voter mobilization. In 2022, much of the Organization’s advocacy work focused on advancing equity in federal benefits for Puerto Rico, voter education and turnout, and expanding immigrant justice and rights.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The Organization has prepared the accompanying financial statements using the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than when received or paid.

b. Recently Adopted Accounting Standards

Effective January 1, 2022, the Organization adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. As a result of implementing FASB ASU No.

2016-02, on January 1, 2022, the Organization recognized right-of-use (“ROU”) assets of \$425,820 and lease liabilities of the same amount on the statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Effective January 1, 2022, the Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures. Adoption of this standard did not have a material impact on the Organization’s financial statements.

c. Basis of Presentation

The Organization’s net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.

The Organization’s Board of Directors established a board-designated fund, the Hispanic Federation Legacy Fund (“Legacy Fund”), with the expressed purpose of using it as the future basis for the creation of an organizational endowment, which would be duly constituted and managed by the Organization’s Board of Directors. The purpose of the Organization’s Legacy Fund is to help ensure the long-term financial stability of the mission, programs, employment, and ongoing operations of the Organization. The Legacy Fund may only be spent with the prior approval of the Executive Committee of the Board of Directors. No funds were appropriated or withdrawn from the fund during 2022 and 2021.

Activity of the board designated fund was as follows:

	<u>12/31/22</u>	<u>12/31/21</u>
Balance – beginning of year	\$6,386,667	\$5,900,000
Transfers in	<u>960,230</u>	<u>486,667</u>
Balance – end of year	<u>\$7,346,897</u>	<u>\$6,386,667</u>

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

d. Revenue Recognition

The Organization follows the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the

same period they are received, they are classified as without donor restrictions. The donor-advised funds are recorded at fair value. See Note 4 for additional details.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Government grants have been evaluated and are considered to be conditional non-reciprocal transactions that fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met is treated as a liability.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, no allowance for uncollectable accounts was deemed necessary as of December 31, 2022 and 2021.

e. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

f. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of cash, money market accounts, and investment securities placed with financial institutions that management deems to be creditworthy. At year-end and at various times throughout the year, balances were in excess of insured amounts. The Organization did not suffer any losses due to bank failure.

g. Management Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

h. Investments

Investments are recorded at fair value, which is defined as the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses and investment management fees are included in the statement of activities.

i. Property and Equipment

Equipment and furniture that exceed a predetermined amount and have a useful life of greater than one year are recorded at cost or fair value at the date of the gift.

Depreciation is computed using the straight-line method over the estimated useful life of the respective asset as follows:

- Buildings: – 39 years
- Building improvements: – 15 years
- Equipment and furniture: – 5-10 years

j. Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries
- Payroll taxes and employee benefits
- Internships and stipends

The following expenses were allocated using salary as the basis:

- Office expenses
- Repairs and maintenance
- Other expenses

Certain shared costs are located based on full-time equivalent. All other expenses have been charged directly to the applicable program or supporting services.

l. Advertising

Advertising costs are expensed as incurred.

m. Donated Goods and Services

Donated marketable securities and other non-cash donations are recorded as contributions at fair value on the date of donation. Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

The Organization received media time, publications, outreach and education support valued at \$1,189,327 and \$1,786,969 during the year ended December 31, 2022 and 2021, respectively. Contributed services are valued at the estimated fair value based on the assessment of the cost of such items had they been purchased on the open market.

n. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2019 and later are subject to examination by applicable taxing authorities.

o. Prior Year Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of:

	<u>12/31/22</u>	<u>12/31/21</u>
Investments for donor advised funds	\$4,141,365	\$3,871,236
Other Investments	<u>7,785,351</u>	<u>8,242,460</u>
Total	<u>\$11,926,716</u>	<u>\$12,113,696</u>

The fair value hierarchy is as follows:

	<u>December 31, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Other (a)</u>	<u>Total</u>
Cash	\$2,551,777	\$0	\$0	\$2,551,777
Fixed income funds	3,037,549	0	0	3,037,549
Equity funds	5,986,826	0	0	5,986,826
Real estate funds	170,628	0	0	170,628
Hedge funds	<u>0</u>	<u>0</u>	<u>179,936</u>	<u>179,936</u>
Total	<u>\$11,746,780</u>	<u>\$0</u>	<u>\$179,936</u>	<u>\$11,926,716</u>

	<u>December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Other (a)</u>	<u>Total</u>
Cash	\$3,111,032	\$0	\$0	\$3,111,032
Common stock	5,787	0	0	5,787
Fixed income funds	2,894,977	0	0	2,894,977
Equity funds	5,917,847	0	0	5,917,847
Hedge funds	<u>0</u>	<u>0</u>	<u>184,053</u>	<u>184,053</u>
Total	<u>\$11,929,643</u>	<u>\$0</u>	<u>\$184,053</u>	<u>\$12,113,696</u>

(a) Hedge funds are reported at fair value utilizing the net asset values provided by fund managers. Investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have been excluded from the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Level 1 securities are valued at the closing price reported on the active market they are traded on.

The following summarizes investment return:

	<u>12/31/22</u>	<u>12/31/21</u>
Interest and dividends income	\$243,639	\$203,633
Realized and unrealized (loss)/gain	(1,900,862)	833,290
Investment fees	<u>(55,815)</u>	<u>(83,974)</u>
Total investment return	<u>(\$1,713,038)</u>	<u>\$952,949</u>

Note 4 - Donor Advised Funds

The Organization has donor-advised funds. The funds allow individuals to make a charitable donation, receive an immediate tax deduction and then recommend grants from the fund over time. The funds received that have been designated for the donor advised fund are assets of the Organization. Donors can contribute to the fund as frequently as they like and then recommend grants whenever the timing is right for them. The Organization ultimately has discretion on how to distribute the funds.

Activity in the Organization's donor-advised funds can be summarized as follows:

	<u>December 31, 2022</u>		
	Miranda	Aaron Sanchez	Total
	Family	Scholarship	
	<u>Fund</u>	<u>Fund</u>	
Beginning	\$3,509,794	\$361,442	\$3,871,236
Contributions	3,640,431	36,901	3,677,332
Grants	(2,705,774)	(367,839)	(3,073,613)
Investment income (net of fees)	<u>(304,230)</u>	<u>(29,360)</u>	<u>(333,590)</u>
Ending	<u>\$4,140,220</u>	<u>\$1,144</u>	<u>\$4,141,365</u>

	<u>December 31, 2021</u>		
	Miranda	Aaron Sanchez	Total
	Family	Scholarship	
	<u>Fund</u>	<u>Fund</u>	
Beginning	\$1,992,644	\$179,565	\$2,172,209
Contributions	3,380,298	113,269	3,493,567
Grants	(1,982,943)	0	(1,982,943)
Investment income (net of fees)	<u>119,795</u>	<u>68,608</u>	<u>188,403</u>
Ending	<u>\$3,509,794</u>	<u>\$361,442</u>	<u>\$3,871,236</u>

Note 5 - Contributions Receivable

Contributions receivable are expected to be collected in the following periods:

Year ending:	December 31, 2023	\$6,152,845
	December 31, 2024	1,100,000
	December 31, 2025	600,000
	December 31, 2026	<u>100,000</u>
		7,952,845
Less: discount to present value at 4.25%		<u>(144,000)</u>
Total		<u>\$7,808,845</u>

Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022 was 0.59%.

The Organization leases space in Connecticut, New York, Florida and Puerto Rico under lease agreements expiring at various dates through December 4, 2024, which were determined to be operating leases.

For the year ended December 31, 2022, the total operating lease cost was \$219,325 and total short-term lease cost was approximately \$117,666. As of December 31, 2022, the weighted-average remaining lease term for the Organization's operating leases was approximately 15 months.

Cash paid for operating leases for the year ended December 31, 2022 was \$333,747. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b.

The aggregate future minimum lease payments under those operating leases as of December 31, 2022 were as follows:

Year ending:	December 31, 2023	\$200,653
	December 31, 2024	<u>112,347</u>
Total		<u>\$313,000</u>

Note 7 - Property and Equipment

Property and equipment assets consist of the following:

	<u>12/31/22</u>	<u>12/31/21</u>
Land	\$599,813	\$599,813
Building	5,702,787	5,702,787
Building improvements	50,657	44,052
Equipment, furniture, and automobile	<u>1,059,663</u>	<u>1,008,446</u>
	7,412,920	7,355,098
Less: accumulated depreciation	<u>(3,248,946)</u>	<u>(3,003,443)</u>
Total property and equipment	<u>\$4,163,974</u>	<u>\$4,351,655</u>

Note 8 - Commitments and Contingencies

The Organization participates in several federal, state, and other grant programs governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2022 may be impaired.

In the opinion of management, there are no significant contingent liabilities related to non-compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

From time to time, the Organization may become involved in litigation incidental to its business. Based on the Organization's understanding of the facts of any such matters and, where necessary, the advice of counsel, management does not believe that matters currently pending, either individually or in the aggregate, will have a material impact on the Organization's financial position or results of operations.

Note 9 - Net Assets With Donor Restrictions

Educational projects consist of two programs: the college readiness, education, access, and retention program ("CREAR") and the Latino educational advancement project ("LEAP"). CREAR provides college students with a comprehensive support system, including peer mentors, leadership seminars, professional mentorships, specialized academic support, and internship opportunities. LEAP uses advocacy, coalition building, and public education-focused activities to promote high-quality educational standards and practices, which improves the long-term success of Latino students.

The UNIDOS Disaster Relief and Recovery Program was created after the immense devastation of Puerto Rico by Hurricane Maria. The program aims to serve the immediate and long-term needs of families and communities in Puerto Rico. The Organization has distributed millions of pounds of food, water, and essentials to those most affected by the hurricane in Puerto Rico. The Organization has also provided emergency relief assistance to countries in Central and South America, such as Mexico and Guatemala, affected by natural disasters.

Digital Career Nonprofit Accelerator program – the Organization received a grant to launch a groundbreaking accelerator program to help Latino workforce development providers meet the challenge of preparing workers today for the jobs of tomorrow. The program allows the Organization to work with 20 Latino nonprofit organizations across the nation to provide "career-aligned" digital skills training to thousands of Latinos.

COVID Assistance – The Organization created the most far-reaching Latino COVID-19 relief effort in the nation, partnering with over 280 community nonprofits to respond to urgent calls for help from New York to California, from Florida to Oregon, providing over \$16 million in emergency relief funding to organizations and businesses in need.

Activity in the class of net assets with donor restrictions is as follows:

	December 31, 2022			
	Beginning Balance	Increases	Released from	Ending Balance
	<u>1/1/22</u>		<u>Restrictions</u>	<u>12/31/22</u>
Program restricted:				
Digital Career Nonprofit Accelerator program	\$230,053	\$3,545,000	(\$380,586)	\$3,394,467
Civic Participation	534,652	2,349,784	(1,802,276)	1,082,160
Educational programs	632,005	452,300	(483,360)	600,945
Community Assistance	845,368	560,000	(440,274)	965,094
Advocacy	382,343	928,885	(717,908)	593,320
Technical Assistance	5,267,576	1,191,748	(1,440,482)	5,018,812
Organization Development Assistance	148,400	1,000,000	(884,915)	263,485
Other	85,031	991,525	(210,122)	866,434
COVID-19 Pandemic Assistance	16,192,890	75,000	(7,665,030)	8,602,860
Hurricane relief	0	3,845,446	(567,640)	3,277,806
UNIDOS Disaster Relief and Recovery program	<u>7,477,283</u>	<u>1,419,055</u>	<u>(1,526,622)</u>	<u>7,369,716</u>
Total program restricted	<u>\$31,795,601</u>	<u>\$16,358,713</u>	<u>(\$16,119,215)</u>	<u>\$32,035,099</u>
	December 31, 2021			
	Beginning Balance	Increases	Released from	Ending Balance
	<u>1/1/21</u>		<u>Restrictions</u>	<u>12/31/21</u>
Program restricted:				
Digital Career Nonprofit Accelerator program	\$209,429	\$1,160,000	(\$1,139,376)	\$230,053
Civic Participation	1,372,308	1,107,458	(1,945,114)	534,652
Educational programs	785,873	381,000	(534,868)	632,005
Community Assistance	675,199	335,000	(164,831)	845,368
Advocacy	55,250	525,000	(197,907)	382,343
Technical Assistance	109,208	5,615,740	(457,372)	5,267,576
Connecticut Operations	0	1,000,000	(851,600)	148,400
Other	86,031	0	(1,000)	85,031
COVID-19 Pandemic Assistance	5,897,777	20,629,258	(10,334,145)	16,192,890
UNIDOS Disaster Relief and Recovery program	<u>10,378,688</u>	<u>1,128,131</u>	<u>(4,029,536)</u>	<u>7,477,283</u>
Total program restricted	<u>\$19,569,763</u>	<u>\$31,881,587</u>	<u>(\$19,655,749)</u>	<u>\$31,795,601</u>

Note 10 - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Organization obtained a loan from the Small Business Administration (“SBA”) through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

The Organization accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. During the year ended December 31, 2021, the Organization met all conditions for forgiveness and recognized the funds plus accrued interest as revenue. On April 7, 2021 full forgiveness including interest was approved by the SBA.

Note 11 - Special Events

During 2021, the organization held the movie premiere of “Encanto” instead of its annual Gala. In 2022, the organization resumed holding its annual Gala event. Direct expenses of the event that benefited donors are netted with revenue in the public support section of the statement of activities, while other indirect costs of the event are shown as fundraising expenses on the statement of functional expenses

The following summarizes special event income:

	<u>12/31/22</u>	<u>12/31/21</u>
Gross revenue	\$3,118,090	\$1,615,138
Less: expenses with a direct benefit to donor	<u>(475,554)</u>	<u>(32,808)</u>
	2,642,536	1,582,330
Less: other event expenses	<u>(12,867)</u>	<u>(7,325)</u>
Total	<u>\$2,629,669</u>	<u>\$1,575,005</u>

Note 12 - Pension Plan

The Organization sponsors a 403(b)-plan. Under the plan, employees can elect to defer a percentage of their salary, subject to Internal Revenue Code (“IRC”) limits, and the Organization may elect to make a discretionary contribution. The Organization made a discretionary contribution in the amount of \$257,616 and \$167,193 in the years ended December 31, 2022 and 2021, respectively.

Note 13 - Availability and Liquidity

Financial assets at December 31, 2022 available to meet cash needs for general expenditures within one year are as follows:

Cash and cash equivalents	\$20,598,585	
Investments	7,785,351	
Government grants and contracts receivable	2,749,776	
Contributions receivable	7,808,845	
Other receivables	<u>100,000</u>	
Total financial assets		\$39,042,557
Less amounts not available to be used within one year:		
Board designated Legacy Fund		(7,007,458)
Purpose restricted contributions		<u>(32,035,099)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$0</u>

The Organization regularly monitors liquidity to meet its operational needs. The Organization attempts to operate within a balanced budget and anticipates collecting sufficient revenue from the current year and future year government and other grants to cover general expenditures.

Additionally, as outlined in Note 2c, the Organization's Board of Directors established a board-designated fund, the Hispanic Federation Legacy Fund ("Legacy Fund"). The Legacy Fund may only be spent with the prior approval of the Executive Committee of the Board of Directors.

Note 14 - Subsequent Events

Subsequent events have been evaluated through May 11, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.