

LATIN AMERICAN ASSOCIATION, INC.

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021 AND 2020

LATIN AMERICAN ASSOCIATION, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Latin American Association, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Latin American Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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 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 Latin American Association, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of State Awards Expended on page 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brooks, McAnnis & Company, LLC*

Atlanta, Georgia  
October 22, 2021

LATIN AMERICAN ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| <b>ASSETS</b>                                 |                   |                   |
| Cash and cash equivalents (Note 3)            | \$ 1,528,019      | \$ 838,465        |
| Notes receivable (Note 4)                     | 30,135            | 8,143             |
| Accounts and pledges receivable (Note 5)      | 186,957           | 391,275           |
| Prepaid expenses                              | 73,662            | 65,823            |
| Cash designated for endowment (Note 3 and 11) | -                 | 509,977           |
| Investments (Note 6)                          | 7,355,557         | 5,285,886         |
| Property and equipment, net (Notes 1 and 7)   | 3,335,672         | 3,522,160         |
| <br>Total assets                              | <br>\$ 12,510,002 | <br>\$ 10,621,729 |
| <b>LIABILITIES AND NET ASSETS</b>             |                   |                   |
| <b>Liabilities:</b>                           |                   |                   |
| Accounts payable and accrued expenses         | \$ 231,632        | \$ 199,443        |
| Deferred revenue (Note 8)                     | 138,638           | 162,389           |
| Paycheck Protection Program loan (Note 9)     | -                 | 462,435           |
| Total liabilities                             | 370,270           | 824,267           |
| <br><b>Net assets:</b>                        |                   |                   |
| Without donor restrictions:                   |                   |                   |
| Available for operations                      | 4,104,694         | 3,401,350         |
| Board designated for endowment (Note 11)      | 549,795           | 509,977           |
| Total without donor restrictions              | 4,654,489         | 3,911,327         |
| With donor restrictions (Note 12)             | 7,485,243         | 5,886,135         |
| Total net assets                              | 12,139,732        | 9,797,462         |
| <br>Total liabilities and net assets          | <br>\$ 12,510,002 | <br>\$ 10,621,729 |

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

LATIN AMERICAN ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

|   | 2021                          |                            |                      | 2020                          |                            |                     |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|---------------------|
|   | Without donor<br>Restrictions | With Donor<br>Restrictions | Total                | Without donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Revenue, support and gains:                     |                               |                            |                      |                               |                            |                     |
| Contributions                                   | \$ 1,105,600                  | \$ 1,336,971               | \$ 2,442,571         | \$ 1,344,565                  | \$ 581,129                 | \$ 1,925,694        |
| Grants  | 1,747,897                     | -                          | 1,747,897            | 671,689                       | -                          | 671,689             |
| Program services                                | 688,460                       | -                          | 688,460              | 717,823                       | -                          | 717,823             |
| Special events                                  | 730,571                       | -                          | 730,571              | 899,562                       | -                          | 899,562             |
| Investment income, net (Note 6)                 | 40,964                        | 1,463,656                  | 1,504,620            | 3,201                         | 212,331                    | 215,532             |
| Rental income                                   | 21,750                        | -                          | 21,750               | 71,100                        | -                          | 71,100              |
| Donated facilities (Note 1)                     | 36,000                        | -                          | 36,000               | 36,000                        | -                          | 36,000              |
| Other income                                    | 14,249                        | -                          | 14,249               | 13,845                        | -                          | 13,845              |
|   | <u>4,385,491</u>              | <u>2,800,627</u>           | <u>7,186,118</u>     | <u>3,757,785</u>              | <u>793,460</u>             | <u>4,551,245</u>    |
| Net assets released from restrictions (Note 13) | <u>1,201,519</u>              | <u>(1,201,519)</u>         | <u>-</u>             | <u>775,892</u>                | <u>(775,892)</u>           | <u>-</u>            |
| Total revenue, support, and gains               | <u>5,587,010</u>              | <u>1,599,108</u>           | <u>7,186,118</u>     | <u>4,533,677</u>              | <u>17,568</u>              | <u>4,551,245</u>    |
| Expenses:                                       |                               |                            |                      |                               |                            |                     |
| Program services                                | <u>4,244,165</u>              | <u>-</u>                   | <u>4,244,165</u>     | <u>3,512,699</u>              | <u>-</u>                   | <u>3,512,699</u>    |
| Supporting services:                            |                               |                            |                      |                               |                            |                     |
| Resource development and fundraising            | 459,761                       | -                          | 459,761              | 666,270                       | -                          | 666,270             |
| General and administrative                      | <u>139,922</u>                | <u>-</u>                   | <u>139,922</u>       | <u>139,436</u>                | <u>-</u>                   | <u>139,436</u>      |
| Total supporting services                       | <u>599,683</u>                | <u>-</u>                   | <u>599,683</u>       | <u>805,706</u>                | <u>-</u>                   | <u>805,706</u>      |
| Total expenses                                  | <u>4,843,848</u>              | <u>-</u>                   | <u>4,843,848</u>     | <u>4,318,405</u>              | <u>-</u>                   | <u>4,318,405</u>    |
| Increase in net assets                          | 743,162                       | 1,599,108                  | 2,342,270            | 215,272                       | 17,568                     | 232,840             |
| Net assets at beginning of year                 | <u>3,911,327</u>              | <u>5,886,135</u>           | <u>9,797,462</u>     | <u>3,696,055</u>              | <u>5,868,567</u>           | <u>9,564,622</u>    |
| Net assets at end of year                       | <u>\$ 4,654,489</u>           | <u>\$ 7,485,243</u>        | <u>\$ 12,139,732</u> | <u>\$ 3,911,327</u>           | <u>\$ 5,886,135</u>        | <u>\$ 9,797,462</u> |

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

LATIN AMERICAN ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

|                                  | Program<br>Services | Resource<br>Development/<br>Fundraising | General &<br>Administrative | Total<br>Supporting<br>Services | Total               |
|----------------------------------|---------------------|---|-----------------------------|---------------------------------|---------------------|
| Salaries                         | \$ 2,019,453        | \$ 206,479                              | \$ 5,145                    | \$ 211,624                      | \$ 2,231,077        |
| Taxes and benefits               | 409,885             | 39,044                                  | 2,541                       | 41,585                          | 451,470             |
| Professional fees/contract labor | 441,786             | 42,160                                  | 20,423                      | 62,583                          | 504,369             |
| Depreciation                     | 165,308             | 25,255                                  | 39,031                      | 64,286                          | 229,594             |
| Occupancy                        | 138,248             | 14,644                                  | 32,747                      | 47,391                          | 185,639             |
| Special events                   | 45,404              | 31,156                                  | -                           | 31,156                          | 76,560              |
| Office expense and supplies      | 173,188             | 11,338                                  | 1,211                       | 12,549                          | 185,737             |
| Assistance to individuals        | 721,026             | -                                       | -                           | -                               | 721,026             |
| Textbooks and publications       | 9,381               | 10,033                                  | 607                         | 10,640                          | 20,021              |
| Travel                           | 16,281              | 1,265                                   | 1,880                       | 3,145                           | 19,426              |
| Marketing                        | 7,647               | 53,958                                  | -                           | 53,958                          | 61,605              |
| Insurance                        | 25,521              | 4,689                                   | 11,183                      | 15,872                          | 41,393              |
| Equipment maintenance/rental     | 17,632              | 4,093                                   | 9,760                       | 13,853                          | 31,485              |
| Telephone                        | 17,543              | 2,953                                   | 7,042                       | 9,995                           | 27,538              |
| Miscellaneous expenses           | 31,292              | 8,143                                   | 8,338                       | 16,481                          | 47,773              |
| Staff development/conferences    | 4,570               | 4,551                                   | 14                          | 4,565                           | 9,135               |
| <b>Total expenses</b>            | <b>\$ 4,244,165</b> | <b>\$ 459,761</b>                       | <b>\$ 139,922</b>           | <b>\$ 599,683</b>               | <b>\$ 4,843,848</b> |
|                                  | 88%                 | 9%                                      | 3%                          | 12%                             | 100%                |

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

LATIN AMERICAN ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

|                                  | Program<br>Services | Resource<br>Development/<br>Fundraising | General &<br>Administrative | Total<br>Supporting<br>Services | Total               |
|----------------------------------|---------------------|---|-----------------------------|---------------------------------|---------------------|
| Salaries                         | \$ 1,832,322        | \$ 245,828                              | \$ 4,235                    | \$ 250,063                      | \$ 2,082,385        |
| Taxes and benefits               | 340,211             | 41,510                                  | 1,616                       | 43,126                          | 383,337             |
| Professional fees/contract labor | 440,688             | 53,957                                  | 20,844                      | 74,801                          | 515,489             |
| Depreciation                     | 160,071             | 24,455                                  | 37,794                      | 62,249                          | 222,320             |
| Occupancy                        | 144,859             | 15,008                                  | 35,789                      | 50,797                          | 195,656             |
| Special events                   | 27,142              | 174,986                                 | -                           | 174,986                         | 202,128             |
| Office expense and supplies      | 99,241              | 29,064                                  | 2,134                       | 31,198                          | 130,439             |
| Assistance to individuals        | 319,688             | -                                       | -                           | -                               | 319,688             |
| Textbooks and publications       | 37,764              | 11,770                                  | 537                         | 12,307                          | 50,071              |
| Travel                           | 19,154              | 4,719                                   | 1,410                       | 6,129                           | 25,283              |
| Marketing                        | 365                 | 41,593                                  | -                           | 41,593                          | 41,958              |
| Insurance                        | 25,694              | 4,465                                   | 10,646                      | 15,111                          | 40,805              |
| Equipment maintenance/rental     | 16,873              | 3,917                                   | 9,340                       | 13,257                          | 30,130              |
| Telephone                        | 16,711              | 2,752                                   | 6,563                       | 9,315                           | 26,026              |
| Miscellaneous expenses           | 28,272              | 7,257                                   | 8,517                       | 15,774                          | 44,046              |
| Staff development/conferences    | 3,644               | 4,989                                   | 11                          | 5,000                           | 8,644               |
| Total expenses                   | <u>\$ 3,512,699</u> | <u>\$ 666,270</u>                       | <u>\$ 139,436</u>           | <u>\$ 805,706</u>               | <u>\$ 4,318,405</u> |
|                                  | 81%                 | 16%                                     | 3%                          | 19%                             | 100%                |

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



LATIN AMERICAN ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

|  | 2021         | 2020         |
|--|--------------|--------------|
| Cash flows from operating activities:  |              |              |
| Increase in net assets   | \$ 2,342,270 | \$ 232,840   |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |              |              |
| Depreciation   | 229,594      | 222,320      |
| Net realized and unrealized investment gains   | (1,469,312)  | (130,476)    |
| Changes in assets and liabilities:   |              |              |
| Increase (decrease) in:  |              |              |
| Notes receivable   | (21,992)     | 6,761        |
| Accounts receivable  | 204,318      | 5,871        |
| Prepaid expenses   | (7,839)      | 2,305        |
| Increase (decrease) in:  |              |              |
| Accounts payable and accrued expenses  | 32,189       | 63,553       |
| Deferred revenue   | (23,751)     | 27,629       |
| Net cash provided by operating activities  | 1,285,477    | 430,803      |
| Cash flows from investing activities:  |              |              |
| Acquisition of property and equipment  | (43,106)     | (34,498)     |
| Proceeds from sale of investments  | 164,500      | 165,150      |
| Purchase of investments  | (764,859)    | (137,532)    |
| Net cash used in investing activities  | (643,465)    | (6,880)      |
| Cash flows from financing activities:  |              |              |
| Forgiveness of Paycheck Protection Program loan  | (462,435)    | -            |
| Proceeds from Paycheck Protection Program loan   | -            | 462,435      |
| Net cash provided by (used in) financing activities  | (462,435)    | 462,435      |
| Net increase in cash and cash equivalents  | 179,577      | 886,358      |
| Cash and cash equivalents - beginning of year  | 1,348,442    | 462,084      |
| Cash and cash equivalents - end of year  | \$ 1,528,019 | \$ 1,348,442 |

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

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies

Nature of Organization

The Latin American Association, Inc. (the Association) empowers Latinos to adapt, integrate and thrive. Founded in 1972 to serve Atlanta's then-emerging Latino population, the Association has grown to become the region's leading agency representing Latino issues. The 47-year history and community-based mission of the Association renders the organization truly unique in its work and capabilities. The Association is the largest, most trusted and only fully bilingual agency in the region dedicated primarily to the needs and concerns of the Latino community. The Association provides a comprehensive menu of social and legal services and impacts over 40,000 individuals each year.

Method of Reporting

The Association's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America (GAAP).

In accordance with GAAP, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on stipulations made by the donor.

Contributions

Unconditional promises to give and contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of donor restrictions in accordance with GAAP.

The Association reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions expire in the same reporting period as received are reported as contributions without donor restrictions. All contributions and unconditional promises to give which do not have donor restrictions as to purpose or time are classified as contributions without donor restrictions and pledges receivable.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

Contributions – Continued

The Association records gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations regarding the duration that the long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or purchased long-lived assets are placed in service.

If donated services either created or enhanced non-financial assets or required specialized skills that would need to be purchased if not donated, the value of those donated services would be recorded. No amounts have been reflected in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of their time in the Association's programs and supporting services. The Association utilized one rent-free facility for a satellite location during the years ended June 30, 2021 and 2020. The estimated value of the donated rent was \$36,000 for both of the years ended June 30, 2021 and 2020.

Investments

In conformity with GAAP, all investments in equity securities with a readily determinable market value and all investments in debt securities are reported at fair market value with gains and losses included in the statements of activities. Marketable securities acquired by gift are recorded at their fair market value on the date of receipt.

Property and Equipment

It is the policy of the Association to capitalize property and equipment in excess of \$1,000. The cost of property, buildings and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Buildings are depreciated over 30 years, and other Association property is depreciated over lives ranging from 5 to 15 years.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated on a square foot basis include utilities, repairs and maintenance, communications, information technology, insurance, office expenses, and depreciation. Salaries and wages, payroll taxes, and employee benefits are allocated based on estimates of time and effort.

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.

Income Taxes

The Association is a nonprofit organization exempt from federal income tax under the provisions of Internal Revenue Code Section 501(c)(3). In the opinion of management, the Association continues to operate as a tax-exempt organization and, accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. Income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2021 and 2020, the Association did not have any unrelated business income, and accordingly, no unrelated business income tax. The Association believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Association's income tax returns are subject to examination by the appropriate regulatory authorities, and as of June 30, 2021, the Association's federal tax returns remain open to examination for the last three (3) years.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits with two financial institutions. For the purposes of the statements of cash flows, the Association considers all short-term, interest-bearing deposits with maturities of three months or less to be cash equivalents.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

Concentration of Credit Risk

The balances in the Association's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 and 2020, the cash balance exceeds the FDIC limit by \$1,124,324 and \$962,467, respectively.

Investments are protected by the Securities Investor Protection Corporation (SIPC), which protects the investor against fraudulent transactions and brokerage firm insolvency. The SIPC provides up to \$500,000 in securities protection per customer that includes protection for up to \$250,000 in un-invested cash. At June 30, 2021 and 2020, the Association's investment accounts exceeded this amount by \$6,855,557 and \$4,785,886, respectively.

Advertising Costs

Advertising costs are expensed as incurred.

Reclassification

Certain amounts previously reported have been reclassified to conform to the current year financial statement presentation.

2. Liquidity and Availability of Financial Assets

The Association is substantially supported by contributions with and without donor restrictions, investment income, program service fees, and special events. As a donors' restrictions require funds to be used in a particular manner or in a future period, the Association maintains those restricted funds so that they are available to meet those responsibilities as they are required to be met. Accordingly, related financial assets are not available to the Association for its general expenditures. The Association considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, general and administrative, or resource development and fundraising purposes.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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2. Liquidity and Availability of Financial Assets – Continued

The Association’s financial assets at June 30 (reduced by amounts not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

|   | 2021         | 2020         |
|---|--------------|--------------|
| Cash and cash equivalents   | \$ 1,528,019 | \$ 1,348,442 |
| Notes receivable  | 30,135       | 8,143        |
| Accounts and pledges receivable   | 186,957      | 391,275      |
| Investments   | 7,355,557    | 5,285,886    |
| Total financial assets  | 9,100,668    | 7,033,746    |
| Less:   |              |              |
| Cash restricted for long-term purposes  | (74,323)     | (74,323)     |
| Cash designated for long-term purposes  | -            | (509,977)    |
| Board designations of investments   | (549,795)    | -            |
| Purpose restriction of investments  | (2,608,901)  | (925,247)    |
| Perpetual restriction on investments  | (4,140,464)  | (4,140,464)  |
| Financial assets available to meet cash needs for<br>general expenditures within one year | \$ 1,727,185 | \$ 1,383,735 |

For the years ended June 30, 2021 and 2020, restricted contributions of \$661,555 and \$746,101, respectively, were included in financial assets available to meet cash needs for general expenditures within one year. In addition to financial assets available to meet general expenditures over the next twelve months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by resources with donor restrictions. Refer to the statements of cash flows which identifies the sources and uses of the Associations operating cash and shows positive cash generated by operations for fiscal years 2021 and 2020.

The Association’s governing body has also designated a portion of its resources without donor restrictions for a board-designated endowment fund for operating reserves. These assets remain available and may be spent at the discretion of the governing body.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30:

|   | 2021         | 2020         |
|---|--------------|--------------|
| Cash without donor restrictions   | \$ 822,280   | \$ 485,686   |
| Cash restricted for various short-term and long-term purposes             | 705,739      | 352,779      |
| Cash and cash equivalents   | 1,528,019    | 838,465      |
| Cash designated for endowment   | -            | 509,977      |
| Cash and cash equivalents, for the purpose of the statement of cash flows | \$ 1,528,019 | \$ 1,348,442 |

4. Notes Receivable

Notes receivable include small business loans given out to Latina entrepreneurs at an interest rate of 5% totaling \$30,135 and \$8,143 at June 30, 2021 and 2020, respectively. The Association has determined that all amounts recorded as notes receivable are collectible and are based on repayment terms; accordingly, no allowance for doubtful accounts has been established. Expected collection of notes receivable are as follows:

| Year Ended June 30: |           |
|---------------------|-----------|
| 2022                | \$ 19,420 |
| 2023                | 10,715    |
|                     | \$ 30,135 |

5. Accounts and Pledges Receivable

Accounts receivable consist of the following at June 30:

|                                       | 2021       | 2020       |
|---------------------------------------|------------|------------|
| United Way pledge                     | \$ -       | \$ 75,000  |
| Grants and government contracts       | 145,903    | 181,921    |
| Special events                        | 37,719     | 83,040     |
| Contributions receivable              | -          | 49,814     |
| Other                                 | 3,335      | 1,500      |
| Total accounts and pledges receivable | \$ 186,957 | \$ 391,275 |

The Association has determined that all amounts recorded as accounts and pledges receivable are collectible; accordingly, no allowance for doubtful accounts has been established.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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6. Investments

The Association classifies its investment assets in accordance with GAAP which establishes a hierarchy of inputs to fair value measurements, as follows:

*Level 1* – Quoted prices in active markets for identical assets or liabilities that the Association has the ability to access.

*Level 2* – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2021 and 2020, the Association held direct investments in equity securities consisting exclusively of investments in mutual funds and equities. Accordingly, the Association's direct investments in equity security investments are Level 1 investments. The Association's investment composition at June 30, 2021 includes real estate mutual funds, short term bond mutual funds and alternative investment funds that are actively traded and are Level 1 investments. The real estate and alternative investments have been divested as of June 30, 2021. Additionally, at June 30, 2021 and 2020, the Association held money market funds and cash comprising approximately 3.1% and 3.4% of total investment assets, respectively. Money market funds are carried at their cost value, which approximates fair value.



LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

6. Investments—Continued

Cost and fair market value of investments are summarized in the table below:

|   | Fair Value<br>Hierarchy<br>Level | Cost                | Unrealized<br>Appreciation<br>(Depreciation) | Fair<br>Market<br>Value |
|---|----------------------------------|---------------------|--|-------------------------|
| <u>June 30, 2021</u>                    |                                  |                     |  |                         |
| Domestic equity mutual funds            | 1                                | \$ 1,723,756        | \$ 1,287,654                                 | \$ 3,011,410            |
| International equity mutual funds       | 1                                | 786,027             | 243,788                                      | 1,029,815               |
| Fixed income domestic mutual funds      | 1                                | 1,575,184           | (13,247)                                     | 1,561,937               |
| Fixed income international mutual funds | 1                                | 244,996             | (4,605)                                      | 240,391                 |
| Equities                                | 1                                | 1,009,177           | 276,233                                      | 1,285,410               |
| Money market - treasury obligations     | 1                                | 226,594             | -  | 226,594                 |
| Total investments                       |                                  | <u>\$ 5,565,734</u> | <u>\$ 1,789,823</u>                          | <u>\$ 7,355,557</u>     |
| <u>June 30, 2020</u>                    |                                  |                     |  |                         |
| Domestic equity mutual funds            | 1                                | \$ 2,438,352        | \$ 534,205                                   | \$ 2,972,557            |
| International equity mutual funds       | 1                                | 802,557             | 3,190  | 805,747                 |
| Fixed income domestic mutual funds      | 1                                | 1,144,550           | (17,439)                                     | 1,127,111               |
| Fixed income international mutual funds | 1                                | 210,000             | (10,960)                                     | 199,040                 |
| Money market - treasury obligations     | 1                                | 181,431             | -  | 181,431                 |
| Total investments                       |                                  | <u>\$ 4,776,890</u> | <u>\$ 508,996</u>                            | <u>\$ 5,285,886</u>     |

The components of investment income consists of the following for the year ended June 30:

|                                   | <u>2021</u>         | <u>2020</u>       |
|-----------------------------------|---------------------|-------------------|
| Interest and dividends            | \$ 87,120           | \$ 128,641        |
| Net realized and unrealized gains | 1,469,312           | 131,912           |
| Investment management fees        | (51,812)            | (45,021)          |
|                                   | <u>\$ 1,504,620</u> | <u>\$ 215,532</u> |

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

7. Property and Equipment, Net

Components of property and equipment consist of the following at June 30:

|                                   | <u>2021</u>         | <u>2020</u>         |
|-----------------------------------|---------------------|---------------------|
| Land                              | \$ 1,151,846        | \$ 1,151,846        |
| Buildings                         | 5,940,332           | 5,932,802           |
| Furniture and fixtures            | 231,944             | 231,944             |
| Equipment                         | 517,462             | 481,886             |
| Vehicles                          | <u>28,597</u>       | <u>28,597</u>       |
|                                   | 7,870,181           | 7,827,075           |
| Less accumulated depreciation     | <u>(4,534,509)</u>  | <u>(4,304,915)</u>  |
| Total property and equipment, net | <u>\$ 3,335,672</u> | <u>\$ 3,522,160</u> |

Depreciation expense was \$229,594 and \$222,320 for the years ended June 30, 2021 and 2020, respectively .

8. Deferred Revenue

Deferred revenue represents funds received during the current year for events, rent, tuition, grants and other items that will occur in the next fiscal year. Deferred revenue consists of the following at June 30:

|                        | <u>2021</u>       | <u>2020</u>       |
|------------------------|-------------------|-------------------|
| Latin Fever Ball       | \$ 34,000         | \$ 32,500         |
| Latina Empowerment     | -                 | 10,964            |
| Career Expo            | -                 | 5,665             |
| State of Latinos       | -                 | 63,750            |
| Youth Conference       | 6,000             | -                 |
| Rent                   | 1,059             | 3,772             |
| Tuition                | 22,308            | 14,293            |
| Grants                 | 75,091            | 24,073            |
| Other                  | <u>180</u>        | <u>7,372</u>      |
| Total deferred revenue | <u>\$ 138,638</u> | <u>\$ 162,389</u> |

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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9. Debt

In May 2019, the Association obtained a line of credit with maximum draws of \$350,000 and a maturity date of May 30, 2021. The interest rate on the line of credit is equal to the prime rate plus 1%. In June 2021, the line of credit was renewed with the same terms and a new maturity date of June 1, 2023. There were no draws on this line of credit during fiscal 2020 or 2021. The line of credit is available for working capital needs and to fund releases of donor restrictions during periods of constricted cash flows.

In April 2020, the Association obtained a loan from the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP) to assist with operating cash flow during the pandemic. The total received in fiscal 2020 was \$462,435, which was recorded as a loan in the statement of financial position. The Association spent the proceeds on eligible amounts and the loan was formally forgiven in May 2021. The funds were recorded as grants without donor restrictions in the statement of activities for the year ended June 30, 2021.

10. Lease Commitments

The Association leases office space and certain office equipment under operating lease agreements. Total rent expense under these leases was \$47,685 and \$45,630 for the years ended June 30, 2021 and 2020, respectively. Following are the future minimum annual lease payments under the terms of these leases for the years ended:

| June 30: |           |
|----------|-----------|
| 2022     | \$ 34,862 |
| 2023     | 27,579    |
| 2024     | 25,529    |
|          | \$ 87,970 |

11. Board Designated Net Assets

Net assets without donor restrictions at June 30, 2021 and 2020 include \$549,795 and \$509,577, respectively, for a board designated endowment fund. These funds were held as cash at June 30, 2020 and were transferred to the investment account during fiscal 2021.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

12. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

|  | 2021         | 2020         |
|--|--------------|--------------|
| Purpose restrictions:                      |              |              |
| Program and support services               | \$ 635,659   | \$ 360,926   |
| United Way - youth operations              | 100,215      | 75,000       |
| Immigration                                | 427,480      | 123,155      |
| Outreach services                          | 1,814,007    | 988,159      |
| General operations                         | 367,418      | 198,431      |
| Total net assets with purpose restrictions | 3,344,779    | 1,745,671    |
| Restrictions perpetual in nature:          |              |              |
| Immigration                                | 1,142,500    | 1,142,500    |
| Outreach services                          | 2,495,364    | 2,495,364    |
| General operations                         | 502,600      | 502,600      |
| Total restrictions perpetual in nature     | 4,140,464    | 4,140,464    |
| Total net assets with donor restrictions   | \$ 7,485,243 | \$ 5,886,135 |

A contribution with restrictions perpetual in nature in the amount of \$1,790,717 was received from a foundation during the year ended June 30, 2005. Additional perpetually restricted contributions were received in the amount of \$704,647 during the year ended June 30, 2014, \$502,600 during the year ended June 30, 2016, and \$1,142,500 during the year ended June 30, 2017. The grant agreements stipulate that each year an amount representing earnings on the endowment will be used for designated purposes which is consistent with the Association's spending policy for endowment funds. The original donor restricted contributions are perpetually restricted, and the corresponding appreciation is donor restricted for various purposes. Disbursements of \$164,500 and \$165,150 were made in accordance with the Association's spending policy for the years ended June 30, 2021 and 2020, respectively. These disbursements were approximately 3-4%, for both of the years ended June 30, 2021 and June 30, 2020 of the endowment fund's average fair value over the prior years.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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13. Net Assets Released from Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenditures satisfying the restricted purpose or by occurrence of other events specified by donors as follows for the years ended June 30:

|   | 2021         | 2020       |
|---|--------------|------------|
| Program and support services                | \$ 962,234   | \$ 526,502 |
| United Way - youth operations               | 74,785       | 84,240     |
| Immigration                                 | 42,000       | 42,750     |
| Outreach services                           | 101,500      | 101,400    |
| General operations                          | 21,000       | 21,000     |
| Total net assets released from restrictions | \$ 1,201,519 | \$ 775,892 |

14. Endowed Net Assets

The Association's endowment consists of one fund established for annual support of outreach services, one fund for immigration services, and one fund established for annual operating support. As required by GAAP, net assets associated with endowment funds, including funds designated by the Association's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Association's endowment net asset composition is as follows as of June 30:

|   | 2021         | 2020         |
|---|--------------|--------------|
| Board designated                            | \$ 549,795   | \$ -         |
| With donor restrictions for purpose         | 2,608,901    | 1,309,745    |
| With donor restrictions perpetual in nature | 4,140,464    | 4,140,464    |
| Total endowed net assets                    | \$ 7,299,160 | \$ 5,450,209 |

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

14. Endowed Net Assets – Continued

Changes in the Association’s endowment for the year ended June 30, 2021 are as follows:

|   | Board<br>Designated | With Donor<br>Restrictions<br>for Purpose | With Donor<br>Restrictions<br>Perpetual in<br>Nature | Total               |
|---|---------------------|---|--|---------------------|
| Beginning balance                             | \$ -                | \$ 1,309,745                              | \$ 4,140,464   | \$ 5,450,209        |
| Contributions                                 | 509,977             | -   | -  | 509,977             |
| Disbursements                                 | -                   | (164,500)                                 | -  | (164,500)           |
| Interest & dividends                          | 7,946               | 76,562                                    | -  | 84,508              |
| Investment gains (realized<br>and unrealized) | 34,462              | 1,436,006                                 | -  | 1,470,468           |
| Management fees                               | (2,590)             | (48,912)                                  | -  | (51,502)            |
| Ending balance                                | <u>\$ 549,795</u>   | <u>\$ 2,608,901</u>                       | <u>\$ 4,140,464</u>                                  | <u>\$ 7,299,160</u> |

Changes in the Association’s endowment for the year ended June 30, 2020 are as follows:

|   | With Donor<br>Restrictions<br>for Purpose | With Donor<br>Restrictions<br>Perpetual in<br>Nature | Total               |
|---|---|--|---------------------|
| Beginning balance                             | \$ 1,262,564                              | \$ 4,140,464   | \$ 5,403,028        |
| Disbursements                                 | (165,150)                                 | -  | (165,150)           |
| Interest & dividends                          | 128,116                                   | -  | 128,116             |
| Investment gains (realized<br>and unrealized) | 128,641                                   | -  | 128,641             |
| Management fees                               | (44,426)                                  | -  | (44,426)            |
| Ending balance                                | <u>\$ 1,309,745</u>                       | <u>\$ 4,140,464</u>                                  | <u>\$ 5,450,209</u> |

During fiscal 2019, the Association obtained the donor’s approval to borrow \$220,000 from the endowment fund for cash flow purposes. The \$220,000 continues to be included in the endowment assets with donor restrictions at June 30, 2020. Management repaid these funds in September 2020.

The Association’s Board of Directors adopted a new Investment and Spending Policy Statement in November 2020 for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified period(s) as well as endowed board designated funds.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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14. Endowed Net Assets – Continued

Under this policy as approved by the Board of Directors, the endowed assets are invested in a manner that is intended to maximize the results while assuming a moderate level of investment risk. The Association expects its endowment funds, over time, to provide an average rate of return of approximately CPI plus 4% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation for all of its investments that is as follows: 15-50% of the total asset value is invested in bonds, 50-70% of the total asset value is invested in equities, 0-25% of the total asset value is invested in alternative strategies and assets, and 0-20% of the total asset value is invested in cash and cash equivalents. However, the pursuit of this allocation is constrained by a policy of not investing non endowment net assets in equities. To pursue the targeted allocation, the portfolio is rebalanced on a semi-annual basis. These asset allocations are accomplished by the investment manager through investing in multiple mutual funds, ETFs and individual stocks comprised of equities or fixed income investment instruments.

Spending Policy

Authorized expenditures during the entity's current fiscal year shall be 4 percent of the average total market value of the fund for the rolling trailing three-year period ending in the prior calendar quarter end. This will apply to the General, Immigration, and Family Services Endowments. The Board Restricted Reserves will be expended at the LAA Board's discretion. In establishing this policy, the Association considered the long-term expected return on its endowment. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide a margin of real growth through favorable investment return as well as additional real growth through new gifts.

Interpretation of Relevant Law

The Association follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the Act). The Association has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. Consistent with the spending policy described above which has been approved by the donor, the Association is not required to preserve the fair value of the original gift, as long as it adheres to the spending policy and invests in funds prudently.

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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14. Endowed Net Assets – Continued

Interpretation of Relevant Law – Continued

Nevertheless, in accordance with GAAP, the Association classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the endowment.

In accordance with the Act, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Association and the endowment with donor restrictions fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Association.
- (7) The investment policies of the Association.

15. Retirement Plans

All full and part-time employees who are at least 21 years of age and who have worked for the Association for at least two years are eligible to participate in a non-contributory simplified employee pension plan (SEP).

The Association did not incur any pension expense for the years ended June 30, 2021 and 2020. In addition, all full and part-time employees are eligible to participate in the Association's tax deferred annuity plan (TDA). Employee contributions to the plan are deducted from gross salaries before they are taxed. Investment choices provide for benefit payments in the form of an annuity, specified payment option (SPO), or a single lump sum. This plan is administered for the Association by a third-party trustee.

16. Commitments and Contingencies

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Association deems the contingency unlikely.



LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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17. Related Party Transactions

In fiscal 2019, the Association opened a new outreach center in Dalton, Georgia. A member of the Association's Board of Directors works for the organization that has donated the office space in which the center is located. Donated rent for this location was \$36,000 for both of the years ended June 30, 2021 and 2020, respectively.

18. Subsequent Events

Management has evaluated events and transactions which occurred through October 22, 2021, which was the date the financial statements were available to be issued. As a result of that evaluation, management determined that there were no events or transactions that would require recognition or disclosure.

LATIN AMERICAN ASSOCIATION, INC.

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REPORTS AND OTHER SCHEDULES AND INFORMATION  
AS REQUIRED BY THE UNIFORM GUIDANCE

FOR THE YEAR ENDED  
JUNE 30, 2021

LATIN AMERICAN ASSOCIATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

| Federal Grantor/Pass-through<br>Grantor Agency/Program Title/Grant Name<br>and Pass-through Entity Identifying Number    | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|--|---------------------------|-------------------------|
| <b><u>U.S. Department of Justice</u></b>   |                           |                         |
| Culturally and Linguistically Specific Services Program  |                           |                         |
| Office on Violence Against Women<br>OVM FY 2020 Grants to Enhance Culturally Specific<br>Services - Contract # FAW-35696 | 16.016                    | \$ 104,756              |
| Crime Victim Assistance  |                           |                         |
| Criminal Justice Coordinating Council<br>VOCA COVID Program<br>Contract # C17-8-243                                      | 16.575                    | 48,268                  |
| <b><u>U.S. Department of Health and Human Services</u></b>   |                           |                         |
| Community Services Block Grant   |                           |                         |
| Passed through Cobb County:<br>Cobb Community Services Block Grant - CARES<br>Contract # CSBD-20-C20T                    | 93.569                    | 53,141                  |
| <b><u>U.S. Department of Agriculture</u></b>   |                           |                         |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program                                |                           |                         |
| Passed through State of Georgia DHS:<br>SNAP Outreach<br>Contract # 42700-040-0000098082                                 | 10.561*                   | 337,271                 |
| <b><u>U.S. Department of Housing and Urban Development</u></b>   |                           |                         |
| Community Development Block Grants/Entitlement Grants  |                           |                         |
| Passed through DeKalb County:<br>Community Development Block Grant<br>Contract # 10-96555                                | 14.218*                   | 30,406                  |
| Passed through Dalton County:<br>Community Development Block Grant<br>Contract # B-19-MC-13-0011                         | 14.218*                   | 29,440                  |
| Passed through Cobb County:<br>Community Development Block Grant<br>Contract # CD21-C21AA-P                              | 14.218*                   | 8,424                   |
| Emergency Solutions Grant Program  |                           |                         |
| Passed through Gwinnett County:<br>Emergency Solutions - Homelessness Prevention<br>Contract # E-20-UW-13-0004           | 14.231                    | 12,411                  |

LATIN AMERICAN ASSOCIATION, INC.  
 SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2021

| Federal Grantor/Pass-through<br>Grantor Agency/Program Title/Grant Name<br>and Pass-through Entity Identifying Number | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|---|---------------------------|-------------------------|
| <b><u>U.S. Department of the Treasury</u></b>   |                           |                         |
| Coronavirus Relief Fund   |                           |                         |
| Passed through DeKalb County:   |                           |                         |
| COVID-19 Emergency Rental Assistance Program<br>Contract # EA-S-1200569   | 21.019                    | 235,000                 |
| Passed through Gwinnett County:   |                           |                         |
| COVID-19 Emergency Rental Assistance Program<br>Contract # ESGCV-HP-0011  | 21.019                    | 159,111                 |
| Victims of Crime (VOCA)   |                           |                         |
| COVID- 19 OCA Victim Assistance Formula Grant Program<br>Contract # C18-8-273   | 21.019                    | 29,800                  |
| Passed through Atlanta Regional Commission:   |                           |                         |
| COVID-19 Emergency Rental Assistance Program<br>Contract # ESGCV-HP-0011  | 21.019                    | 19,350                  |
| <b><u>U.S. Department of Homeland Security</u></b>  |                           |                         |
| Emergency Food and Shelter National Board Program   |                           |                         |
| Passed through Gwinnett County:   |                           |                         |
| Emergency Food and Shelter Program<br>Contract # 191400-005   | 97.024                    | 31,320                  |
| Passed through Cobb County:   |                           |                         |
| Emergency Food and Shelter Program<br>Contract # 184000-013   | 97.024                    | 39,771                  |
| Passed through DeKalb/Fulton County:  |                           |                         |
| Emergency Food and Shelter Program<br>Contract # 174000-129   | 97.024                    | <u>55,000</u>           |
| Total   |                           | <u>\$ 1,193,469</u>     |

\*CFDA 14.218 and 10.561 are part of a cluster programs

LATIN AMERICAN ASSOCIATION, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

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1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Latin American Association, Inc. (the Association) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Association has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Latin American Association, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Latin American Association, Inc. (the Association), 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, and have issued our report thereon dated October 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brooks, McAnnis & Company, LLC*

Atlanta, Georgia  
October 22, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Latin American Association, Inc.:

**Report on Compliance for Each Major Federal Program**

We have audited Latin American Association's (the Association ) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended June 30, 2021. The Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Latin American Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

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## Report on Internal Control over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Brooks, McAnnis & Company, LLC*

Atlanta, Georgia  
October 22, 2021

LATIN AMERICAN ASSOCIATION, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2021

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**Section I – Summary of Audit Results**

**Financial Statements:** Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None noted

Noncompliance material to financial statements noted? No

**Federal Awards:**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None noted

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

| Name                                      | <u>CFDA Number</u> |
|---|--------------------|
| Coronavirus Relief Fund                   | 21.019             |
| Supplemental Nutrition Assistance Program | 10.561             |

Dollar threshold to distinguish between Type A and B programs? \$750,000

Auditee qualified as a low-risk auditee? No

**Section II – Financial Statement Findings** None

**Section III – Federal Award Findings and Questioned Costs** None

LATIN AMERICAN ASSOCIATION, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

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The Association was not required to have a Single Audit for the year ended June 30, 2020.

LATIN AMERICAN ASSOCIATION, INC.

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OTHER INFORMATION AS REQUIRED  
BY THE STATE OF GEORGIA

LATIN AMERICAN ASSOCIATION, INC.  
SCHEDULE OF STATE AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2021

| <u>State Contract Number</u>  | <u>Earned<br/>Revenues</u> | <u>Receipts</u> | <u>Due From<br/>State Agency</u> |
|---|----------------------------|-----------------|----------------------------------|
| Contract # 10-96555 DeKalb County   | \$ 30,406                  | \$ 25,405       | \$ 5,001                         |
| Contract # 174000129 Emergency Food<br>and Shelter Program DeKalb/Fulton                              | 55,000                     | 55,000          | -                                |
| Contract # 42700-040-000098082 State of<br>Georgia SNAP   | 337,271                    | 282,904         | 54,367                           |
| Contract # E-20-UW-13-0004 Gwinnett<br>County Emergency Solutions                                     | 12,411                     | 12,411          | -                                |
| Contract # 191400-005 Emergency Food<br>and Shelter Program Gwinnett                                  | 31,320                     | 31,320          | -                                |
| Contract # CD21-C21AA-P Cobb County<br>CDBG   | 8,424                      | 8,424           | -                                |
| Contract # CSBD-20-C20T Cobb County<br>CDBG   | 8,346                      | 8,346           | -                                |
| Contract # C-17-8-243 Criminal Justice<br>Coordinating Council - Victims of Crime<br>(VOCA)           | 48,268                     | 48,268          | -                                |
| Contract # C18-8-273 Criminal Justice<br>Coordinating Council - Victims of Crime<br>(VOCA) - COVID-19 | 29,800                     | 29,800          | -                                |
| Contract # 184000-013 Emergency Food<br>and Shelter Program Cobb                                      | 39,771                     | 39,771          | -                                |
| City of Brookhaven  | 31,622                     | 31,622          | -                                |
| Cobb Community Services Block Grant   | -                          | -               | -                                |
| DeKalb Human Service  | 10,673                     | 1,855           | 8,818                            |
| Contract # B-19-MC-13-0011 Dalton<br>CDBG   | 29,440                     | 29,440          | -                                |
| Contract BOC # 20-0132 Fulton County<br>Community Services Program                                    | 37,500                     | 37,500          | -                                |
| Contract BOC # 21-0216 Fulton County<br>Community Services Program                                    | 12,975                     | -               | 12,975                           |

See Independent Auditor's Report – Other Matter

LATIN AMERICAN ASSOCIATION, INC.  
 SCHEDULE OF STATE AWARDS EXPENDED – CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2021

| State Contract Number                      | Earned<br>Revenues | Receipts     | Due From<br>State Agency |
|--|--------------------|--------------|--------------------------|
| DeKalb CARES                               | 235,000            | 235,000      | -                        |
| Contract # ESGCV-HP-0011 Gwinnett<br>CARES | 159,111            | 159,111      | -                        |
| Atlanta Regional Commission                | 19,350             | 6,750        | 12,600                   |
| Contract # CSBD-20-C20T Cobb CSBG<br>CARES | 44,795             | 31,366       | 13,429                   |
|  | \$ 1,181,483       | \$ 1,074,293 | \$ 107,190               |

See Independent Auditor's Report – Other Matter