



Latin American Association, Inc.

FINANCIAL STATEMENTS

June 30, 2022 and 2021

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REPORT





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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Latin American Association, Inc. (the Association) (a nonprofit organization) which comprise the statement of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of Latin American Association, Inc. as of June 30, 2022, and the changes in its net assets and their 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association 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.

Prior Period Financial Statements

The financial statements of Latin American Association, Inc. as of June 30, 2021, were audited by other auditors whose report dated October 22, 2021, expressed an unmodified opinion on those financial statements.

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

Auditors' 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 auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Association'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 Association'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
May 15, 2023



FINANCIAL STATEMENTS



Latin American Association, Inc.
Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 2,582,146	\$ 1,528,019
Accounts receivable	254,881	186,957
Notes receivable, current portion	22,133	19,420
Prepaid expenses	52,321	73,662
Total current assets	2,911,481	1,808,058
Non-current assets		
Notes receivable, less current portion	4,551	10,715
Investments in marketable securities	6,292,402	7,355,557
Property and equipment, net	3,118,710	3,335,672
Total non-current assets	9,415,663	10,701,944
Total assets	\$ 12,327,144	\$ 12,510,002
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 259,829	\$ 231,632
Refundable advance	38,525	-
Performance obligation liabilities	190,122	138,638
Total liabilities	488,476	370,270
Net assets		
Without donor restrictions	5,062,956	4,783,613
With donor restrictions	6,775,712	7,356,119
Total net assets	11,838,668	12,139,732
Total liabilities and net assets	\$ 12,327,144	\$ 12,510,002

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

Latin American Association, Inc.
Statements of Activities

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 1,536,067	\$ 1,363,630	\$ 2,899,697
Government grants	1,780,448	-	1,780,448
Special events	833,621	-	833,621
Program services	771,385	-	771,385
Rental income	44,450	-	44,450
Contributed non-financial assets	36,000	-	36,000
Investment income (loss), net	(457,331)	(699,547)	(1,156,878)
Other income	3,035	-	3,035
Net assets released from restrictions	1,244,490	(1,244,490)	-
Total revenue and other support	5,792,165	(580,407)	5,211,758
Expenses			
<i>Program services</i>			
Immigration, stabilization, advocacy and other	4,330,551	-	4,330,551
Total program services	4,330,551	-	4,330,551
<i>Supporting services</i>			
General and administrative	480,042	-	480,042
Fundraising	702,229	-	702,229
Total supporting services	1,182,271	-	1,182,271
Total expenses	5,512,822	-	5,512,822
Change in net assets	279,343	(580,407)	(301,064)
Net assets at beginning of year	4,783,613	7,356,119	12,139,732
Net assets at end of year	\$ 5,062,956	\$ 6,775,712	\$ 11,838,668

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

Latin American Association, Inc.
Statements of Activities (Continued)

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 1,234,724	\$ 1,207,847	\$ 2,442,571
Investment income (loss), net	40,964	1,463,656	1,504,620
Government grants	1,285,462	-	1,285,462
Special events	730,571	-	730,571
Program services	688,460	-	688,460
Forgiveness of Paycheck Protection Program loan	462,435	-	462,435
Contributed non-financial assets	36,000	-	36,000
Rental income	21,750	-	21,750
Other income	14,249	-	14,249
Net assets released from restrictions	1,201,519	(1,201,519)	-
Total revenue and other support	5,716,134	1,469,984	7,186,118
Expenses			
<i>Program services</i>			
Immigration, stabilization, advocacy and other	4,058,679	-	4,058,679
Total program services	4,058,679	-	4,058,679
<i>Supporting services</i>			
General and administrative	333,238	-	333,238
Fundraising	451,931	-	451,931
Total supporting services	785,169	-	785,169
Total expenses	4,843,848	-	4,843,848
Change in net assets	872,286	1,469,984	2,342,270
Net assets at beginning of year	3,911,327	5,886,135	9,797,462
Net assets at end of year	\$ 4,783,613	\$ 7,356,119	\$ 12,139,732

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

Latin American Association, Inc.
Statements of Functional Expenses

For the year ended June 30, 2022

	Program Services		Supporting Services		Total
	Immigration, stabilization, advocacy and other		General and Administrative	Fundraising	
Salaries	\$ 2,277,253		\$ 120,863	\$ 289,593	\$ 2,687,709
Assistance to individuals	751,213		2,732	-	753,945
Professional fees and contract labor	438,852		28,122	21,867	488,841
Taxes and benefits	386,081		30,252	51,944	468,277
Depreciation	164,744		38,898	25,169	228,811
Advertising and marketing	17,627		-	134,867	152,494
Special event expenses	3,406		-	148,249	151,655
Office supplies	85,770		1,088	8,183	95,041
Utilities	8,230		80,720	4,974	93,924
Building repairs and maintenance	4,837		83,987	126	88,950
Office space rent	52,200		-	-	52,200
Insurance	33,393		12,502	-	45,895
Textbooks and publications	25,928		719	14,696	41,343
Equipment rental	23,748		10,669	-	34,417
Telephone	22,514		8,500	290	31,304
Travel	21,219		4,135	446	25,800
Dues and memberships	4,562		17,168	1,450	23,180
Bank fees	-		22,693	-	22,693
Conferences	3,726		7,930	228	11,884
Miscellaneous	-		9,064	147	9,211
Staff development and conferences	5,248		-	-	5,248
Total expenses	\$ 4,330,551		\$ 480,042	\$ 702,229	\$ 5,512,822

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

Latin American Association, Inc.
Statements of Functional Expenses (Continued)

For the year ended June 30, 2021

	Program Services	Supporting Services		Total
	Immigration, stabilization, advocacy and other	General and Administrative	Fundraising	
Salaries	\$ 1,951,094	\$ 73,505	\$ 206,479	\$ 2,231,078
Assistance to individuals	721,026	-	-	721,026
Professional fees and contract labor	441,786	20,423	42,160	504,369
Taxes and benefits	376,127	36,299	39,044	451,470
Depreciation	165,308	39,031	25,255	229,594
Office supplies	173,188	1,211	11,338	185,737
Utilities	11,120	67,577	6,843	85,540
Special event expenses	45,404	-	31,156	76,560
Advertising and marketing	7,647	-	53,958	61,605
Office space rent	52,200	-	-	52,200
Building repairs and maintenance	6,227	37,841	3,832	47,900
Insurance	25,521	11,183	4,689	41,393
Equipment rental	17,632	9,760	4,093	31,485
Telephone	17,543	7,042	2,953	27,538
Bank fees	-	22,583	-	22,583
Dues and memberships	13,684	3,525	3,525	20,734
Textbooks and publications	9,381	607	10,033	20,021
Travel	16,281	1,880	1,265	19,426
Staff development and conferences	4,570	14	4,551	9,135
Miscellaneous	1,814	467	467	2,748
Conferences	1,126	290	290	1,706
Total expenses	\$ 4,058,679	\$ 333,238	\$ 451,931	\$ 4,843,848

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

Latin American Association, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ (301,064)	\$ 2,342,270
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	228,811	229,594
Forgiveness of Paycheck Protection Program loan	-	(462,435)
Unrealized and realized loss (gain) on investments	1,156,878	(1,469,312)
Changes in operating assets and liabilities		
Accounts receivable	(67,924)	204,318
Notes receivable	3,451	(21,992)
Prepaid expenses and accrued expenses	21,341	(7,839)
Accounts payable	28,197	32,189
Refundable advance	38,525	-
Performance obligation liabilities	51,484	(23,751)
Net cash provided by (used in) operating activities	1,159,699	823,042
Investing Activities		
Purchase of property and equipment	(11,849)	(43,106)
Purchase of investments	(359,817)	(764,859)
Proceeds from sale of investments	266,094	164,500
Net cash provided by (used in) investing activities	(105,572)	(643,465)
Net change in cash and cash equivalents	1,054,127	179,577
Cash and cash equivalents, beginning of year	1,528,019	1,348,442
Cash and cash equivalents, end of year	\$ 2,582,146	\$ 1,528,019

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

Latin American Association, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ASSOCIATION

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 Georgia's leading agency representing Latino issues. The 50-year history and community-based mission of the Association renders the Association 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. The Association's programs are:

Family Stabilization and Well-Being – this program focuses on fostering stable, healthy Latino families through financial assistance, aging and disability information and referral program, Latino basic need program, victims of violence program, and public benefit enrollment.

Economic Empowerment – this program focuses on empowering Latinos to achieve economic self-sufficiency through job training, Latina entrepreneurship classes, Spanish and English programs, translation services, online job banks, micro loans, career expo, and corporate recruitment events.

Immigration Services – this program offers affordable legal services to help eligible individuals obtain immigration benefits. This work includes direct services to provide general immigration legal services, immigration relief for victims, removal defense legal services and permanent resident card.

Youth Services – this program focuses on empowering Latino youth to achieve educational success through the Latino Youth Leadership Conference, Latino Youth Leadership Academy (LYLA), high school senior advising sessions, Latino youth mentoring program, LYLA summer programs, and Latino college resources.

Civic Engagement and Advocacy – this program focuses on connecting and empowering community members, which includes promotion of cultural awareness, activities include cultural and large-scale special events such as the annual Latin Fever Ball, Compañeros Awards Luncheon, Hispanic Heritage Month Campaign; Civic Engagement Program; Membership Program; and Latino Community Needs Assessment.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to useful lives of property and equipment (depreciation expense), valuation of investments, valuation of contributed non-financial assets, and allocations used in the statements of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts and Notes Receivable

Accounts and notes receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Association provides for losses on accounts and notes receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

The Association reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains (losses) restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Latin American Association, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for a board designated endowment. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Revenue from program service fees and special event income is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

A significant portion of the Association's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Latin American Association, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and wages, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to utilities, repairs and maintenance, communications, information technology, insurance, office expenses, and depreciation are allocated based on square footage.

Advertising

The Association uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2022 and 2021, advertising costs totaled \$152,494 and \$61,605, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Association is exempt from taxes on income other than unrelated business income. For the years ended June 30, 2022 and 2021, the Association did not have any unrelated business income.

The Association utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Association has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 15, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Latin American Association, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This change in accounting principle did not have an effect on the financial statements.

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. Early adoption is permitted. The Association is currently evaluating the impact of the guidance on its financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Association maintains its financial assets primarily in cash and cash equivalents and investments to provide liquidity to ensure funds are available as the Association's expenditures come due. The following reflects the Association's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2022	2021
Total assets at year end	\$ 12,327,144	\$ 12,510,002
Less non-financial assets		
Long term portion of notes receivable	(4,551)	(10,715)
Prepaid expenses	(52,321)	(73,662)
Property and equipment, net	(3,118,710)	(3,335,672)
Financial assets at year-end	9,151,562	9,089,953
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(2,635,248)	(3,215,655)
Restricted by donor in perpetuity	(4,140,464)	(4,140,464)
Board designated endowment	(508,576)	(549,795)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,867,274	\$ 1,184,039

The Association is principally supported by investment income, grants and contributions, special events, and fees charged for the services it provides. In the event of unanticipated liquidity needs, the Association has a line of credit with available borrowings of \$350,000, as further discussed in Note 7.

Latin American Association, Inc.
Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Accounts receivable consist of the following:

<i>June 30,</i>	2022	2021
Government grants	\$ 163,381	\$ 145,903
Special events	91,000	37,719
Other	500	3,335
Accounts receivable	\$ 254,881	\$ 186,957

Accounts receivable at June 30, 2022 and 2021 are expected to be collected within one year.

Notes receivable include small business loans provided to Latina entrepreneurs at an interest rate of 5% with a total outstanding balance of \$26,684 and \$30,135 at June 30, 2022 and 2021, respectively. The Association has determined that all amounts recorded as notes receivable are fully collectible; accordingly, no allowance for doubtful accounts has been established. Expected collection of notes receivable are as follows:

<i>For the years ending June 30,</i>		
2023		\$ 22,133
2024		4,551
Total notes receivable		\$ 26,684

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

<i>June 30, 2022</i>	Cost	Market Value
Mutual funds	\$ 1,932,692	\$ 1,684,402
Equities	4,121,027	3,704,743
Money market funds	903,257	903,257
Total investments in marketable securities	\$ 6,956,976	\$ 6,292,402

<i>June 30, 2021</i>	Cost	Market Value
Mutual funds	\$ 4,329,963	\$ 5,843,553
Equities	1,009,177	1,285,410
Money market funds	226,594	226,594
Total investments in marketable securities	\$ 5,565,734	\$ 7,355,557

Latin American Association, Inc.
Notes to Financial Statements

Note 6: PROPERTY AND EQUIPMENT

The components consist of the following at June 30, 2022 and 2021:

	Estimated Useful Lives (in years)	2022	2021
Building and related improvements	15-30	\$ 5,940,332	\$ 5,940,332
Furniture, fixtures and equipment	5-10	761,255	749,406
Vehicles	5	28,597	28,597
Total depreciable property and equipment		6,730,184	6,718,335
Less accumulated depreciation		(4,763,320)	(4,534,509)
Total depreciable property and equipment, net		1,966,864	2,183,826
Land		1,151,846	1,151,846
Total property and equipment, net		\$ 3,118,710	\$ 3,335,672

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$228,811 and \$229,594, respectively.

Note 7: LINE OF CREDIT

The Association maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$350,000, with an interest rate of the prime rate plus 1%. The credit line expires on June 1, 2023. There were no draws on this line of credit during fiscal 2022 or 2021 and there is no balance outstanding at June 30, 2022 and 2021.

Note 8: NET ASSETS

A summary of net assets without donor restrictions consists of the following:

<i>June 30,</i>	2022	2021
Undesignated	\$ 4,554,380	\$ 4,233,818
Board designated endowment	508,576	549,795
Total net assets without donor restrictions	\$ 5,062,956	\$ 4,783,613

Latin American Association, Inc.
Notes to Financial Statements

Note 8: NET ASSETS (Continued)

A summary of net assets with donor restrictions consists of the following:

<i>June 30,</i>	2022	2021
Purpose restricted		
Outreach services	\$ 1,324,884	\$ 1,814,007
Youth programs	359,304	110,094
Immigration	347,577	427,480
General operations	212,005	367,418
Economic empowerment	210,000	242,806
Development of web-based resource directory	101,155	-
Micro loans	74,323	74,323
Financial assistance	-	44,403
Family Well Being program	6,000	135,124
Total purpose restricted	2,635,248	3,215,655
Perpetual in nature		
Outreach services	2,495,364	2,495,364
Immigration	1,142,500	1,142,500
General operations	502,600	502,600
Total perpetual in nature	4,140,464	4,140,464
Total net assets with donor restrictions	\$ 6,775,712	\$ 7,356,119

A summary of the release of donor restrictions consists of the following:

<i>For the years ended June 30,</i>	2022	2021
Purpose releases		
Youth programs	\$ 378,924	\$ 236,445
Economic empowerment	222,806	87,194
Outreach services	169,908	101,500
Family Well Being program	149,624	519,938
Financial assistance	144,403	3,597
Immigration	120,660	42,000
General operations	34,320	21,000
Development of web-based resource directory	23,845	-
COVID-19 assistance	-	48,684
Other	-	141,161
Total net assets released from donor restrictions	\$ 1,244,490	\$ 1,201,519

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Note 9: REVENUE

The Association is recognizing revenue at a point in time for its program service fees and special event income. As of June 30, 2022, there was \$190,122 of performance obligations to be satisfied, all of which is expected to be recognized in revenue in 2023. As of June 30, 2021, there was \$138,638 of performance obligations to be satisfied, all of which was recognized in revenue in 2022. These performance obligations are based upon the time of the service or the event.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2022	2021
Contracts with customers		
Recognized at a point of time		
Special events	\$ 833,621	\$ 730,571
Program services		
Immigration	288,138	327,387
Education	427,246	321,573
Other	56,001	39,500
Government grants and contributions (non-exchange)	4,680,145	3,728,033
Investment income (loss), net (non-exchange)	(1,156,878)	1,504,620
Rental income (non-exchange)	44,450	21,750
Contributed non-financial assets (non-exchange)	36,000	36,000
Forgiveness of Paycheck Protection Program loan (non-exchange)	-	462,435
Other revenue (non-exchange)	3,035	14,249
Total revenue	\$ 5,211,758	\$ 7,186,118

The Association's customers are primarily Latino citizens located in the state of Georgia in the United States of America.

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

<i>June 30,</i>	2022	2021
Performance obligation liabilities, beginning of year	\$ 138,638	\$ 162,389
Performance obligation liabilities, end of year	\$ 190,122	\$ 138,638
Receivable from contracts, beginning of year	\$ 186,957	\$ 391,275
Receivable from contracts, end of year	\$ 254,881	\$ 186,957

Note 10: ENDOWMENTS

The Association's endowment consists of four individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Association has interpreted the State of Georgia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Association retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Association's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Association has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment 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.

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% 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 Outreach 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.

Latin American Association, Inc.
Notes to Financial Statements

Note 10: ENDOWMENTS (Continued)

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Association has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022 and 2021, the Association did not have any underwater endowments.

Endowment net asset composition by type of fund consists of the following:

<i>June 30,</i>	2022	2021
Endowment funds with donor restrictions	\$ 5,783,724	\$ 6,749,369
Board-designated endowment funds without donor restrictions	508,576	549,795
Total endowment funds	\$ 6,292,300	\$ 7,299,164

Changes in endowment net assets follow:

	Without Donor Restrictions	With Donor Restrictions for Purpose	With Donor Restrictions Perpetual in Nature	Total Endowment Net Assets
<i>June 30, 2022</i>				
Endowment net assets - July 1,	\$ 549,795	\$ 2,608,905	\$ 4,140,464	\$ 7,299,164
Investment income	23,053	239,962	-	263,015
Net appreciation (depreciation)	(64,272)	(939,509)	-	(1,003,781)
Amounts appropriated for expenditure	-	(266,098)	-	(266,098)
Endowment net assets - June 30,	\$ 508,576	\$ 1,643,260	\$ 4,140,464	\$ 6,292,300

	Without Donor Restrictions	With Donor Restrictions for Purpose	With Donor Restrictions Perpetual in Nature	Total Endowment Net Assets
<i>June 30, 2021</i>				
Endowment net assets - July 1,	\$ -	\$ 1,309,745	\$ 4,140,464	\$ 5,450,209
Contributions	509,977	-	-	509,977
Investment income	5,356	27,654	-	33,010
Net appreciation (depreciation)	34,462	1,436,006	-	1,470,468
Amounts appropriated for expenditure	-	(164,500)	-	(164,500)
Endowment net assets - June 30,	\$ 549,795	\$ 2,608,905	\$ 4,140,464	\$ 7,299,164

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Latin American Association, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended June 30, 2022 and 2021:

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,684,402	\$ -	\$ -	\$ 1,684,402
Equities	3,704,743	-	-	3,704,743
Money market funds	903,257	-	-	903,257
Total investments at fair value	\$ 6,292,402	\$ -	\$ -	\$ 6,292,402
<i>June 30, 2021</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,843,553	\$ -	\$ -	\$ 5,843,553
Equities	1,285,410	-	-	1,285,410
Money market funds	226,594	-	-	226,594
Total investments at fair value	\$ 7,355,557	\$ -	\$ -	\$ 7,355,557

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 12: CONTRIBUTED NON-FINANCIAL ASSETS

All donated space was utilized by the Association's program and supporting services. There were no donor-imposed restrictions associated with the contributed space.

The components of donated space contributed to the Association consists of \$36,000 for each of the years ended June 30, 2022 and 2021, which is included in the immigration, stabilization, advocacy and other program services on the statements of functional expenses.

Donated space is valued at the fair value of similar properties available in commercial real estate listings.

Latin American Association, Inc.
Notes to Financial Statements

Note 13: CONCENTRATIONS OF CREDIT RISK

The Association maintains cash deposits with financial institutions at June 30, 2022 and 2021 in excess of federally insured limits of \$2,026,636 and \$1,253,071, respectively.

Note 14: COMMITMENTS

The Association leases certain office equipment and office space under agreements that are accounted for as operating leases. The leases expire at various dates through 2024.

Minimum lease payments under noncancellable operating leases are as follows:

For the years ending June 30,

2023	\$	27,579
2024		25,529
Total future minimum lease payments		\$ 53,108

Rent expense for the years ended June 30, 2022 and 2021 was \$50,617 and \$47,685, respectively.

Note 15: RETIREMENT PLAN

The Association sponsors non-contributory simplified employee pension plan (SEP) covering all full and part-time employees who are at least 21 years of age who have worked for the Association for at least two years. The Association did not incur any retirement expense for the years ended June 30, 2022 and 2021.

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.

Note 16: RELATED PARTIES

The Association has an outreach center in Dalton, Georgia. A member of the Association's Board of Directors works for the company that has donated the office space in which the center is located. Donated rent for this location was \$36,000 for each of the years ended June 30, 2022 and 2021.

Note 17: PAYCHECK PROTECTION PROGRAM

In April 2020, the Association obtained a loan of \$462,435 from the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP) to assist with operating cash flow during the pandemic. In fiscal 2021, the Association applied for and received forgiveness of the full amount of the loan, which was recognized as revenue in the statement of activities for the year ended June 30, 2021.