

**CENTRO HISPANO**  
**AUDITED FINANCIAL STATEMENTS**

Years Ended June 30, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Centro Hispano

### ***Opinion***

We have audited the accompanying financial statements of Centro Hispano (the Organization) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years 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 Centro Hispano as of June 30, 2022 and 2021 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.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS, 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 Centro Hispano'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 Centro Hispano'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.

*Squire & Company, PC*

Orem, Utah  
August 31, 2022

**CENTRO HISPANO**  
**STATEMENTS OF FINANCIAL POSITION**

June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 168,885	\$ 204,472
Grants receivable	39,578	24,115
Total current assets	<u>\$ 208,463</u>	<u>\$ 228,587</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ -	\$ 300
Deferred revenue	-	100,000
Accrued expenses	25,478	20,466
Total current liabilities	25,478	120,766
<b>Net Assets:</b>		
Without donor restrictions	182,985	63,246
With donor restrictions	-	44,575
Total net assets	<u>182,985</u>	<u>107,821</u>
Total liabilities and net assets	<u>\$ 208,463</u>	<u>\$ 228,587</u>

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

**CENTRO HISPANO**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2022 and 2021

	2022	2021
<b>Net Assets without Donor Restrictions:</b>		
Revenue and Support:		
Grants	\$ 512,951	\$ 836,109
Program fees	22,699	20,546
Interest	17	12
PPP loan forgiveness	-	45,800
Donations	99,494	26,103
Net assets released from restrictions	<u>44,575</u>	<u>-</u>
Total revenue and support	679,736	928,570
Expenses:		
Program services	473,173	888,441
Support services:		
Management and general	<u>86,824</u>	<u>71,341</u>
Total expenses	<u>559,997</u>	<u>959,782</u>
Change in net assets without donor restrictions	119,739	(31,212)
<b>Net Assets with Donor Restrictions:</b>		
Grants	-	44,575
Net assets released from restrictions	<u>(44,575)</u>	<u>-</u>
Change in net assets with donor restrictions	<u>(44,575)</u>	<u>44,575</u>
<b>Change in Net Assets</b>	75,164	13,363
<b>Net Assets at Beginning of Year</b>	<u>107,821</u>	<u>94,458</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 182,985</u></u>	<u><u>\$ 107,821</u></u>

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

**CENTRO HISPANO**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2022**

	Program Services	Management and General	Total
Wages and benefits	\$ 428,344	\$ 47,593	\$ 475,937
Travel	5,234	-	5,234
Occupancy	-	12,000	12,000
Professional services	4,763	7,951	12,714
Supplies	31,506	5,805	37,311
Office	466	2,212	2,678
Insurance	415	8,759	9,174
Other	2,445	2,504	4,949
Total	<u>\$ 473,173</u>	<u>\$ 86,824</u>	<u>\$ 559,997</u>

**Year Ended June 30, 2021**

	Program Services	Management and General	Total
Wages and benefits	\$ 348,262	\$ 33,665	\$ 381,927
Travel	2,829	-	2,829
Grants and awards	506,618	-	506,618
Occupancy	1,050	11,476	12,526
Professional services	27	11,084	11,111
Supplies	26,608	1,116	27,724
Office	323	1,323	1,646
Insurance	2,724	4,723	7,447
Other	-	7,954	7,954
Total	<u>\$ 888,441</u>	<u>\$ 71,341</u>	<u>\$ 959,782</u>

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

**CENTRO HISPANO**  
**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 75,164	\$ 13,363
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Gain on PPP loan forgiveness	-	(45,800)
Grants receivable	(15,463)	33,750
Accounts payable	(300)	(567)
Deferred revenue	(100,000)	100,000
Accrued expenses	5,012	(10,998)
Net cash provided (used) by operating activities / net change in cash	<u>(35,587)</u>	<u>89,748</u>
<b>Cash at Beginning of Year</b>	<u>204,472</u>	<u>114,724</u>
<b>Cash at End of Year</b>	<u><u>\$ 168,885</u></u>	<u><u>\$ 204,472</u></u>

**Supplemental Data:**

Centro Hispano paid no interest or income taxes during the years ended June 30, 2022 and 2021.

There were no noncash investing or financing activities for the years ended June 30, 2022 and 2021.

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



## **CENTRO HISPANO**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Centro Hispano (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### **Reporting Entity**

The Organization was incorporated on May 2, 2001 in the state of Utah as a nonprofit corporation to empower Hispanics with equal access to the information and resources they need in order to strengthen individuals, families, and communities through education and skill-building activities.

#### **Revenue Recognition**

The Organization recognizes grant revenue when qualifying grant expenses have been incurred and all other grant requirements have been met.

#### **Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

#### **Tax Status**

The Organization is exempt from income tax under Section 501(a) of the Internal Revenue Code (except on net income derived from unrelated business activities) and is classified as a Section 501(c)(3) public charity. Also, the Organization is not subject to state income taxes.

#### **Allocation of Expenses**

Directly identifiable expenses are charged to programs and support services and indirect costs are allocated based on personnel costs. Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide overall support and direction of the Organization.

**CENTRO HISPANO**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and support, and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

The Organization has evaluated subsequent events through August 31, 2022, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash	\$ 168,885	\$ 204,472
Grants receivable	<u>39,578</u>	<u>24,115</u>
Total financial assets	208,463	228,587
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>-</u>	<u>44,575</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 208,463</u>	<u>\$ 184,012</u>

The Organization’s goal is generally to maintain financial assets to meet 3 months of operating expenses (approximately \$110,000). Operating expenses are defined by the Organization as total expenses less grants and awards.

**NOTE 3 – CONCENTRATIONS**

A majority of the Organization’s revenue is from federal and state grants. Continued future funding from federal and state grants is contingent on the future governmental policy of grantors.

**NOTE 4 – PPP LOAN**

The Organization received loan proceeds of \$45,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes (including payroll, benefits, rent and utilities) and maintains its payroll levels. The Organization applied for and received forgiveness of the entire loan balance and any accrued interest during the year ended June 30, 2021.

**CENTRO HISPANO**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

The Organization had donor-restricted net assets of \$0 and \$44,575 for citizenship assistance at June 30, 2022 and 2021, respectively.

**NOTE 6 – OPERATING LEASE**

The Organization entered into a non-cancellable lease agreement for office space. The lease required monthly payments of \$1,000 and expired September 2021. Total lease payments on this lease were \$12,000 for the years ended June 30, 2022 and 2021. The Organization has continued to occupy this space since the lease's expiration, paying the same amount on a month-to-month basis.