

# **HISPANIC ALLIANCE**

**Greenville, South Carolina**

**FINANCIAL STATEMENTS**  
**December 31, 2021**

**(With Independent Auditors' Report Thereon)**

**HISPANIC ALLIANCE**  
**Greenville, South Carolina**

**FINANCIAL STATEMENTS**  
**December 31, 2021**

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# MARTIN · SMITH

& COMPANY CPAs

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hispanic Alliance  
Greenville, South Carolina

### **Opinion**

We have audited the accompanying statement of financial position of Hispanic Alliance (“the Alliance”), as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, as well as the notes to the financial statements. These financial statements are the responsibility of Hispanic Alliance’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hispanic Alliance as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Hispanic Alliance 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.

### **Responsibility of Management 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 the 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 Alliance’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors’ Responsibility 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 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 Alliance'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 Alliance'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.

*Martin Smith and Company CPAs PA*

Greenville, South Carolina  
July 31, 2022

**HISPANIC ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**

**ASSETS**

Cash and cash equivalents	\$ 352,233
Contributions receivable	22,631
Prepaid expenses and other assets	4,250
Property and equipment, net	<u>4,030</u>
Total assets	<u>\$ 383,144</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ <u>-</u>
Total liabilities	<u>-0-</u>
Net assets:	
Without donor restrictions:	
Investment in property and equipment	4,030
Undesignated	<u>365,586</u>
	369,616
With donor restrictions	<u>13,528</u>
Total net assets	<u>383,144</u>
Total liabilities and net assets	<u>\$ 383,144</u>

See accompanying notes to financial statements.

**HISPANIC ALLIANCE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Direct public grants	\$ 283,297	\$ -	\$ 283,297
Contributions	219,533	30,880	250,413
Event income	86,000	-	86,000
Other income	5,000	-	5,000
Restricted contributions expended	<u>25,561</u>	<u>(25,561)</u>	<u>-</u>
Total revenue and support	<u>619,391</u>	<u>5,319</u>	<u>624,710</u>
Expenses:			
Program services	<u>426,332</u>	<u>-</u>	<u>426,332</u>
Total program services	<u>347,229</u>	<u>-0-</u>	<u>347,229</u>
Supporting services:			
Management and general	87,589	-	87,589
Fundraising	<u>68,734</u>	<u>-</u>	<u>68,734</u>
Total supporting services	<u>156,323</u>	<u>-0-</u>	<u>156,323</u>
Total expenses	<u>582,655</u>	<u>-0-</u>	<u>582,655</u>
Changes in net assets	36,736	5,319	42,055
Net assets at beginning of year	<u>332,880</u>	<u>8,209</u>	<u>341,089</u>
Net assets at end of year	<u>\$ 369,616</u>	<u>\$ 13,528</u>	<u>\$ 383,144</u>

See accompanying notes to financial statements.

**HISPANIC ALLIANCE**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2021**

Cash flows from operating activities:	
Increase in net assets	\$ 42,055
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	2,155
(Increase) decrease in assets:	
Contributions receivable	(10,000)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	-
Contributions restricted for capital improvements	-
	<hr/>
Net cash provided by operating activities	<u>34,210</u>
Cash flows from investing activities:	
Purchases of property and equipment	-
	<hr/>
Net cash used in investing activities	<u>-0-</u>
Cash flows from financing activities:	
Contributions restricted for capital improvements	-
	<hr/>
Net cash provided by financing activities	<u>-0-</u>
Net increase in cash and cash equivalents	34,210
Cash and cash equivalents at beginning of year	<hr/> 318,023
Cash and cash equivalents at end of year	\$ <u><u>352,233</u></u>

Schedule of non-cash financing and investing activities:  
None.

See accompanying notes to financial statements.

**HISPANIC ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management And General</u>	<u>Fundraising</u>	
Wages	\$ 273,123	\$ 60,542	\$ 51,378	\$ 385,043
Payroll taxes and benefits	34,432	8,724	7,404	50,560
Student Dreamers Alliance expenses	4,977	-	-	4,977
Event expense	8,570	-	-	8,570
Special program expense	27,936	-	-	27,936
Miscellaneous	32,684	8,174	9,952	50,810
Community teams	6,800	-	-	6,800
Advertising and promotion	8,271	2,068	-	10,339
Conferences and meetings	1,003	-	-	1,003
Professional development	1,777	444	-	2,221
Student Dreamers Alliance scholarships	19,681	-	-	19,681
Accounting fees	-	550	-	550
Professional fees	-	720	-	720
Technology	2,577	644	-	3,221
HA network expenses	751	-	-	751
Board expenses	-	2,630	-	2,630
Insurance	2,753	688	-	3,441
Office	163	41	-	204
Dues and fees	834	209	-	1,043
Depreciation	-	2,155	-	2,155
	<u>\$ 426,332</u>	<u>\$ 87,589</u>	<u>\$ 68,734</u>	<u>\$ 582,655</u>

See accompanying notes to financial statements.



**HISPANIC ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Nature of Organization**

Hispanic Alliance (“the Alliance”) is a non-profit organization based in Greenville, South Carolina. Its mission is to foster collaboration and connectivity among people, resources, and cultures to build thriving communities. The Alliance is incorporated under the laws of South Carolina and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

b) **Basis of Accounting**

The financial statements of the Alliance have been prepared utilizing the accrual method of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The financial statements present financial position and results of activities in conformity with accounting principles generally accepted in the United States of America.

c) **Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) in the *Accounting Standards Codification* (“ASC”). Under FASB ASC the Alliance is required to report information regarding its financial position and activities according to two classes of net assets:

**Net assets without donor restrictions** - Net assets not subject to donor-imposed stipulations and currently available for operating purposes under the direction of the Board of Directors (“the Board”), designated by the Board for specific purposes, or invested in property and equipment.

**Net assets with donor restrictions** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Alliance and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

d) **Contributions and Revenue**

The Alliance records contributions received as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of restrictions.

Contributions are recognized when received or when the donor makes an unconditional promise to give to the Alliance. Contributions which are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions and reported in the Statement of Activities as restricted contributions expended as the restrictions expire.

Noncash contributions are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Alliance reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

e) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash balances in depository institutions.

**HISPANIC ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**f) Contributions Receivable**

Unconditional promises to give that are expected to be collected in future years are recorded as other revenue and support at the present value of their estimated future cash flows. The discounted value of the unconditional promises to give is computed using interest rates applicable to the year in which the promises are received. Amortization of the discount is included in other revenue. Conditional promises to give are not included as support until the conditions are substantially met. Intentions to give are not recorded as assets or contribution revenue.

**g) Property and Equipment**

Property and equipment are stated at cost if purchased or fair market value at the date of donation. Major additions in excess of \$1,000 are capitalized and major items retired are removed from the accounts. Replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets are expensed currently. Straight-line depreciation is taken on the recorded value of the property and equipment at annual rates of 20%.

**h) Income Taxes**

The Alliance is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. A federal Form 990 is filed annually. The Alliance has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of FASB ASC. This guidance addresses the accounting uncertainty in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It also provides related guidance on measurement classification, interest and penalties, and disclosure. The Alliance has determined that it has no uncertain tax positions requiring accrual and disclosure.

**i) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, which include:

- Depreciable lives of assets and methods of depreciation
- An allowance for uncollectible accounts

**j) Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**k) Statement of Financial Position Presentation**

Assets and liabilities presented in the Statement of Financial Position are recorded in order of liquidity or nearness to conversion to cash.

**l) Adoption of New Accounting Standard**

As of January 1, 2021, the Alliance adopted ASC Topic 606, *Revenue from Contracts with Customers*. The core principle of the new accounting guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this standard did not have a significant impact on the Alliance's financial statements as its primary source of revenue is from grants and contributions which are not subject to this accounting standard.

**HISPANIC ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**2) CASH AND CASH EQUIVALENTS**

The Alliance maintains cash balances at one financial institution located in South Carolina. Accounts are protected by federal depository insurance (“FDIC”) up to \$250,000. At December 31, 2021, the Alliance had \$102,233 in uninsured cash balances.

**3) PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2021, are summarized as follows:

Equipment	\$ 10,776
Less accumulated depreciation	<u>(6,746)</u>
	<u>\$ 4,030</u>

Depreciation expense for the year ended December 31, 2021, was \$2,155.

**4) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at December 31, 2021:

Scholarships	\$ <u>13,528</u>
	<u>\$ 13,528</u>

Releases from restrictions of \$25,561 for the year ended December 31, 2021, represent funds used for scholarships and internships from restricted contributions.

**5) DONATED SERVICES**

A number of individuals have donated a significant amount of time to the Alliance’s programs; however, no amounts have been reflected for donated services.

The Alliance is provided free rent on its office space at South Pleasantburg Drive, Greenville, South Carolina. The amount of free rent is estimated to be \$12,000.

**HISPANIC ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**6) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Alliance’s financial assets as of December 31, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable because certain net assets are donor restricted (See Footnote 4). The Alliance has the following financial assets that could readily be made available within one year of the Statement of Financial Position date to fund expenses without limitations:

Financial assets:	
Cash	\$ 352,233
Contributions receivable	<u>22,631</u>
Financial assets, at year-end	<u>374,864</u>
Less those unavailable for general expenditures within one year due to:	
Donor imposed restrictions:	
Restrictions by donor with purpose restrictions	<u>(13,528)</u>
	<u>(13,528)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 361,336</u>

The Alliance has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Alliance monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash.

**7) FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Alliance has adopted the provisions of the *Fair Value Measurements* topic of FASB ASC. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. Level 1 inputs represent fair values obtained using quoted prices in active markets. Level 2 inputs represent fair values obtained from observable market data but not from quoted market prices. Level 3 inputs represent unobservable inputs that are supported by little or no market activity and are generally based on the entity’s own assumptions.

The following methods and assumptions are used to estimate the fair value of each financial instrument:

**Cash, accounts payable and accrued expenses** – the carrying values approximate fair value due to their short maturities.

**Contributions receivable** - the carrying values approximate fair value due to their short maturities.

**HISPANIC ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**8) REVENUE RECOGNITION**

The Alliance adopted the provisions of the *Revenue from Contracts with Customers* topic of FASB ASC. This guidance replaces most existing revenue recognition in U. S. GAAP and requires expanded disclosure relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying five steps listed in the guidance. The Alliance's has no revenue streams accounted for as exchange transactions.

The Alliance recognizes revenue through both unconditional and conditional contributions and grants. Unconditional contributions are recognized when received, while a conditional contribution is recognized upon satisfaction of the donor's condition or when the grant funds have been expended in accordance with the provisions of the respective agreements. Management has determined that contributions and grants are non-reciprocal transactions and therefore fall under the scope of the *Contributions Received* topic of ASC.

The Alliance generates revenue from special events. The exchange of assets or performance of services in exchange for assets of substantially lower value may be deemed to be a partial contribution. Such contribution would be measured at the difference between the fair value of the products provided or services performed, and the consideration received. Management concludes that the benefit to donors related to special events is immaterial in comparison to the consideration received by the donor as typically all that is received is insignificant amounts of food and beverage during the event. As such, consideration received through the conducting of special events is considered a contribution transaction and no impact to revenue recognition has resulted from the adoption of this ASC.

The Alliance's other revenue streams include interest income and other income which are not included within the scope of this ASC.

**9) SUBSEQUENT EVENTS**

In preparing these financial statements, the Alliance has evaluated events and transactions for potential recognition or disclosure through July 31, 2022, the date the financial statements were available to be issued. There were no additional events requiring recording for the year ended December 31, 2021.