

**LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
COLUMBIA, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Latino Communications Community Development Corporation
Columbia, South Carolina

We have audited the accompanying financial statements of Latino Communications Community Development Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and 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 Latino Communications Community Development Corporation as of December 31, 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. 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 Latino Communications Community Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Latino Communications Community Development Corporation'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 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 Latino Communications Community Development Corporation'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 of Latino Communications Community Development Corporation'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.

Glaser and Company, LLC

Charleston, South Carolina
May 9, 2023

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 27,977	\$ 5,034
Accounts receivable	2,758	-
Prepaid expenses	2,243	1,908
Total current assets	32,978	6,942
PROPERTY AND EQUIPMENT, NET	539	898
TOTAL ASSETS	\$ 33,517	\$ 7,840
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,125	\$ 3,425
Line of Credit	-	8,927
Total current liabilities	2,125	12,352
NET ASSETS (DEFICIT)		
Without donor restriction		
Undesignated	31,392	(4,512)
	31,392	(4,512)
TOTAL LIABILITIES AND NET ASSETS	\$ 33,517	\$ 7,840

See Accompanying Notes to the Financial Statements

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Grants revenue	\$ 242,089	\$ -	\$ 242,089
Contributions	531	-	531
Program fees	52,892	-	52,892
Events	4,000	-	4,000
Miscellaneous	334	-	334
	<u>299,846</u>	<u>-</u>	<u>299,846</u>
Total support and revenue			
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets released from restrictions			
EXPENSES			
Program expenses	223,913	-	223,913
Management and general	22,478	-	22,478
Fundraising expenses	17,551	-	17,551
	<u>263,942</u>	<u>-</u>	<u>263,942</u>
Total expenses			
	<u>35,904</u>	<u>-</u>	<u>35,904</u>
Changes in net assets			
NET DEFICIT, BEGINNING OF YEAR	<u>(4,512)</u>	<u>-</u>	<u>(4,512)</u>
NET ASSETS, END OF YEAR	<u>\$ 31,392</u>	<u>\$ -</u>	<u>\$ 31,392</u>

See Accompanying Notes to the Financial Statements

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Grants revenue	\$ 37,650	\$ -	\$ 37,650
Contributions	1,590	-	1,590
Program fees	40,054	-	40,054
Miscellaneous	165	-	165
	79,459	-	79,459
Total support and revenue			
	79,459	-	79,459
Net assets released from restrictions	-	-	-
EXPENSES			
Program expenses	81,978	-	81,978
Management and general	7,201	-	7,201
Fundraising expenses	4,695	-	4,695
	93,874	-	93,874
Total expenses			
	93,874	-	93,874
Changes in net assets	(14,415)	-	(14,415)
NET ASSETS, BEGINNING OF YEAR	9,903	-	9,903
NET DEFICIT, END OF YEAR	\$ (4,512)	\$ -	\$ (4,512)

See Accompanying Notes to the Financial Statements

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 62,020	\$ 14,654	\$ 14,654	\$ 91,328
Staff development	15,630	\$ -	\$ -	15,630
Contract language services	13,271	-	-	13,271
Financial equity program	44,653	-	-	44,653
Health and wellness program	56,296	-	-	56,296
Festival and events	6,831	-	-	6,831
Printing and postage	1,158	225	225	1,608
Dues and subscriptions	514	387	-	901
Advertising	4,164	-	-	4,164
Information technology	3,458	217	648	4,323
Professional fees	-	5,143	-	5,143
Meetings and events	864	48	48	960
Telephone and connectivity	5,158	322	967	6,447
Occupancy	5,522	266	865	6,653
Insurance	374	329	45	748
Bank fees and interest	-	512	-	512
Contributions and support	3,575	-	-	3,575
Depreciation	244	57	58	359
Other expenses	181	318	41	540
TOTAL FUNCTIONAL EXPENSES	\$ 223,913	\$ 22,478	\$ 17,551	\$ 263,942

See Accompanying Notes to the Financial Statements

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contract labor - executive director	\$ 7,333	\$ 2,444	\$ 2,445	\$ 12,222
Contract language services	19,373	-	-	19,373
Financial equity program	1,699	-	-	1,699
Health and wellness program	29,126	-	-	29,126
Printing and postage	567	109	109	785
Dues and subscriptions	130	100	-	230
Advertising	7,685	-	-	7,685
Information technology	1,075	135	404	1,614
Accounting fees	-	2,610	-	2,610
Meetings and events	40	-	-	40
Supplies	294	-	-	294
Telephone and connectivity	6,463	404	1,212	8,079
Occupancy	3,097	162	485	3,744
Insurance	319	277	40	636
Bank fees and interest	-	738	-	738
Contributions and support	3,478	-	-	3,478
Depreciation	180	-	-	180
Other expenses	1,119	222	-	1,341
TOTAL FUNCTIONAL EXPENSES	<u>\$ 81,978</u>	<u>\$ 7,201</u>	<u>\$ 4,695</u>	<u>\$ 93,874</u>

See Accompanying Notes to the Financial Statements

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ 35,904	\$ (14,415)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	359	180
Changes in operating assets and liabilities		
Accounts receivable	(2,758)	-
Prepaid expenses	(335)	(488)
Accounts payable and accrued expenses	(1,300)	634
Net cash provided by (used for) operating activities	31,870	(14,089)
INVESTING ACTIVITIES		
Purchase of equipment	-	(1,078)
Net cash used for investing activities	-	(1,078)
FINANCING ACTIVITIES		
Line of credit (payment) draw, net	(8,927)	8,927
Net cash (used for) provided by financing activities	(8,927)	8,927
Net increase (decrease) in cash and cash equivalents	22,943	(6,240)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,034	11,274
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 27,977	\$ 5,034

See Accompanying Notes to the Financial Statements

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Latino Communications Community Development Corporation (the “Organization”) is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a strategic communications firm that helps organizations serve the Spanish-speaking community in Central Midlands and across South Carolina. The company possesses a dual mission: to effectively connect clients with their Afro-Latino stakeholders and to deliver high quality translation and interpretation services. LCCDC supports the Afro-Latino population through community engagement, outreach, and education. The Organization was formed on February 10, 2010.

Basis of Accounting

The financial statements of the Organization have been prepared on the basis of accounting and, accordingly, reflect all significant receivables and payables.

Classification of Net Assets

The financial statements report activities and amounts by class of net assets:

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 Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions and Grants

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Unconditional promises to give and grants that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The Organization uses the allowance method to account for uncollectible amounts based on management’s estimate of the collectability of the amount receivable. Management does not accrue interest or finance charges on overdue balances. Receivables are considered impaired if payments are not received in accordance with the terms of the receivable. It is the Organization’s policy to charge off uncollectible amounts when management determines the receivable will not be collected.

Property and Equipment

Purchased property and equipment are recorded at cost. The Organization’s policy is to capitalize all purchases of fixed assets over a threshold of \$1,000. Donated property is recorded based on its estimated value at the date of the donation.

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

In accordance with ASC Topic 958, *Not-for-Profit Entities*, contributions received are recorded as with or without donor restricted support depending on the existence and/or nature of any donor restrictions. The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. The Organization reports gifts of property and equipment as without donor restricted support unless explicit donor stipulations specify how the assets must be used. It is the Organization's policy to record restricted contributions received and released in the same year as without donor restricted support.

Donated Services and Equipment

The Organization records various types of in-kind support including donated professional services, supplies, and equipment. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

A number of unpaid volunteers have made significant contributions of their time and performed a variety of tasks that assisted the Organization with its operation and do not meet the two recognition criteria described above. Accordingly, the value of this donated time is not reflected in the financial statements.

Functional Expense Allocations

The costs of providing various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs, and supporting services benefited based on an analysis by the Organization of personnel time for related activities and other methods.

Income Tax Status

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). All required information returns have been timely filed.

Use of 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 the Organization's financial position and results of operations, and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This update includes a lease accounting model that recognizes two types of leases—finance leases and operating leases. The standard requires that a lessee recognize on the statement of financial position assets and liabilities relating to leases with terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. This update is effective for the Organization beginning in January 2022. The Organization has adopted the standard and it did not have a material impact on the financial statements.

LATINO COMMUNICATIONS COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2. PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31 consists of the following:

	<u>2022</u>	<u>2021</u>
Computers	\$ 1,078	1,078
Less: Accumulated depreciation	<u>(539)</u>	<u>(180)</u>
Property and equipment, net	<u>\$ 539</u>	<u>\$ 898</u>

NOTE 3. CONCENTRATION OF CREDIT RISK

From time to time, the Organization could have cash accounts with financial institutions in excess of the Federal Depository Insurance Company (FDIC) limit of \$250,000. The Organization had \$0 in excess of the FDIC limit at December 31, 2021.

NOTE 4. RELATED PARTIES

The Organization has obligations due payable to the Organization's executive director in the amount of \$169 and \$2,948, respectively, which are recorded in accounts payable and accrued expenses at December 31, 2022 and 2021.

NOTE 5. LINE OF CREDIT

The Organization has a \$9,000 line of credit with Truist Bank with a balance of \$0 and \$8,927 at December 31, 2022 and 2021, respectively.

NOTE 6. AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date of December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents and receivables	\$ 30,735	\$ 5,034
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	<u>-</u>	<u>-</u>
	<u>\$ 30,735</u>	<u>\$ 5,034</u>

NOTE 7. SUBSEQUENT EVENTS

Management has evaluated the effect subsequent events would have on the financial statements the Organization at December 31, 2022 through May 9, 2023, which is the date the financial statements were available to issue. Based upon this evaluation, no adjustments or additional disclosures were provided in these financial statements.