

**AMISTADES, INC.**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

Amistades, Inc.

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📍 **Saint Louis, Missouri**  
6240 S. Lindbergh Blvd Ste 101  
Saint Louis, MO 63123

📞 (314) 845-7999  
📞 (314) 845-7770  
🌐 [www.afewcpas.com](http://www.afewcpas.com)



📍 **Columbia, Illinois**  
205 S. Main  
Columbia, IL 62236

📞 (618) 281-4999  
📞 (618) 281-9533  
🌐 [www.afewcpas.com](http://www.afewcpas.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Amistades, Inc.

We have audited the accompanying financial statements of Amistades, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amistades, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer & Williamson CPAs  
Saint Louis, Missouri  
February 3, 2022

AMISTADES, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$	208,388
Accounts receivable		83,571
Prepaid expenses		25,738
Rent deposit		2,390
		208,388

Total current assets		320,087
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NONCURRENT ASSETS

Property and equipment, net of accumulated depreciation		6,500
		6,500

Total noncurrent assets		6,500
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Total assets	\$	326,587
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	15,480
Credit card payable		8,814
Accrued expenses		22,491
Note payable		72,300
		119,085

Total current liabilities		119,085
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NONCURRENT LIABILITIES

None		-
		-

Total noncurrent liabilities		-
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Total liabilities		119,085
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NET ASSETS

Without donor restrictions		190,086
With donor restrictions		17,416
		207,502

Total net assets		207,502
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Total liabilities and net assets	\$	326,587
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See accompanying notes and auditors' report

AMISTADES, INC.  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Without Donor restrictions</u>	<u>With Donor restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 18,661	\$ -	\$ 18,661
Grants	434,677	736,371	1,171,048
<b>Total support and revenue</b>	<b>453,338</b>	<b>736,371</b>	<b>1,189,709</b>
<b>Net assets released from restrictions</b>			
Satisfaction of restrictions	784,230	(784,230)	-
<b>Total</b>	<b>1,237,568</b>	<b>(47,859)</b>	<b>1,189,709</b>
<b>EXPENSES</b>			
Program	955,433	-	955,433
<b>Total program expenses</b>	<b>955,433</b>	<b>-</b>	<b>955,433</b>
<b>Support expenses</b>			
General and administration	121,242	-	121,242
Fundraising	51,588	-	51,588
<b>Total support expenses</b>	<b>172,830</b>	<b>-</b>	<b>172,830</b>
<b>Total expenses</b>	<b>1,128,263</b>	<b>-</b>	<b>1,128,263</b>
<b>Changes in net assets from operations</b>	<b>109,305</b>	<b>(47,859)</b>	<b>61,446</b>
<b>INVESTING ACTIVITIES</b>			
Interest income	153	-	153
<b>Total investing activities</b>	<b>153</b>	<b>-</b>	<b>153</b>
<b>Changes in net assets</b>	<b>109,458</b>	<b>(47,859)</b>	<b>61,599</b>
<b>Net assets - beginning of year</b>	<b>80,628</b>	<b>65,275</b>	<b>145,903</b>
<b>Net assets - end of year</b>	<b>\$ 190,086</b>	<b>\$ 17,416</b>	<b>\$ 207,502</b>

See accompanying notes and auditors' report

AMISTADES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Program	General and Administration	Fundraising	Total
Salaries	\$ 346,167	\$ 72,474	\$ 31,511	\$ 450,152
Payroll taxes	38,552	8,071	3,509	50,132
Employee benefit	49,173	10,295	4,476	63,944
Meetings	1,962	802	-	2,764
Travel	8,741	1,790	-	10,531
Insurance	4,419	925	402	5,746
Sponsorship	945	-	-	945
Office supplies	36,522	7,646	3,325	47,493
Program	57,100	-	-	57,100
Program materials	12,109	-	-	12,109
Printing and postage	3,138	657	286	4,081
Telecommunications	7,210	1,510	656	9,376
Depreciation	64	13	6	83
Accounting and legal	39,400	8,249	3,587	51,236
Consultants	294,293	-	-	294,293
Professional fees	8,580	-	-	8,580
Advertising	4,979	-	-	4,979
Rent and utilities	31,996	6,699	2,912	41,607
Other	10,083	2,111	918	13,112
Total	<u>\$ 955,433</u>	<u>\$ 121,242</u>	<u>\$ 51,588</u>	<u>\$ 1,128,263</u>

See accompanying notes and auditors' report

AMISTADES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets \$ 61,599

Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:

Depreciation 83

Changes in assets and liabilities:

(Increase) decrease in accounts receivable (45,547)

(Increase) decrease in prepaid expenses (23,677)

Increase (decrease) in accounts payable 912

Increase (decrease) in credit card payable (1,329)

Increase (decrease) in accrued expenses 5,394

Net cash provided by (used in) operating activities (2,565)

CASH FLOWS FROM INVESTING ACTIVITIES

None -

Net cash provided by (used in) investing activities -

CASH FLOWS FROM FINANCING ACTIVITIES

None -

Net cash provided by (used in) financing activities -

Net increase (decrease) in cash and cash equivalents (2,565)

Cash and cash equivalents - beginning of year 210,953

Cash and cash equivalents - end of year \$ 208,388

See accompanying notes and auditors' report

AMISTADES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Amistades, Inc. (the "Organization") is a nonprofit corporation incorporated in the State of Arizona in 2006 as a tax-exempt entity under the Internal Revenue Code Section 501(c)(3). The Organization's tax-exempt purpose is to provide substance abuse prevention and community development to the growing Latino population in Pima County and southern Arizona. The Organization's programs are supported primarily by grants.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with auditing standards generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with the U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without donor restriction - 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 the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statement of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due to the Organization that have not been collected. Management used the allowance method to account for doubtful accounts, however, an allowance has not been established, as management currently considers all accounts to be collectible.

AMISTADES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over the useful life of five years. For the fiscal year ended June 30, 2021, depreciation expense was \$83.

Expenditures for repairs and maintenance are charged to operating expenses as incurred. The cost of assets sold or returned, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gains or losses are included in operations.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), 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.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

On January 1, 2014, the Organization adopted the provisions of *Accounting for Uncertainty in Income Taxes*. This accounting standard requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of the standard has no impact on the Organization's statement of financial position or statement of activities. The Organization does not believe its financial statements include (or reflect) any uncertain tax position. Any returns that the Organization would have prepared for tax years 2017 and prior are now closed.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

AMISTADES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates in Financial Statements

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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Full-time employees of the Organization are entitled to paid vacations and personal days off. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Organization's policy is to recognize the costs of compensated absences when actually paid.

Contributed Services

A number of volunteers contributed services to the Organization. Only the contributed services that meet the reporting criteria for recognition have been reported at the fair market value for the services provided. Contributed services that do not meet the reporting criteria have not been included in the financial statements.

New Accounting Pronouncement

On July 1, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), that replaces previously existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of 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. In addition, Topic 606 requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASU 2014-09 has no impact on the previously reported financial statements.

**Note 2 - OPERATING LEASES**

The Organization has entered into the following operating leases:

- A. The Organization entered into a one-year lease for office space from Survivors Trust in January 2021. The monthly lease payment is \$2,487 with a lease term ending in March of 2022.
- B. The Organization leases a storage unit from First & River Self Storage. The monthly lease payment is \$268, with a month-to-month lease term.

At June 30, 2021, future minimum lease payments were \$19,896.

Lease payments totaled \$35,633 for the fiscal year ended June 30, 2021.

AMISTADES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 3 - CONCENTRATION OF CREDIT RISK**

The Organization maintains various deposit accounts with JPMorgan Chase Bank and Vantage West Credit Union. Each depositor is insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA), respectively up to \$250,000. As of June 30, 2021, the Organization's bank balances did not exceed the insured limit.

**Note 4 - PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30, 2021 follows:

Furniture and equipment	\$ 1,925
Total depreciable property and equipment	<u>1,925</u>
Accumulated depreciation	<u>(1,925)</u>
Depreciable property and equipment, net	-
Non depreciable artwork	<u>6,500</u>
Property and equipment, net	<u><u>\$ 6,500</u></u>

**Note 5 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between fundraising and programs based on evaluations of the related benefits. General and administrative expenses include those expenses which are not directly identifiable with any other specific functions but provide for the overall support and direction of the Organization.

**Note 6 - NOTE PAYABLE**

In May 2020, the Organization received loan proceeds in the amount of \$72,300 under the Paycheck Protection Program ("PPP"). The PPP is administered by the Small Business Administration. The loan and accrued interest are forgivable after eight to twenty-four weeks as long as the Organization uses the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. The amount of loan forgiveness may be reduced if the Organization reduces payroll during the eight-to-twenty-four-week period. The unforgiven portion of the PPP loan is payable over a two-year period at an interest rate of 1%, with a deferral of payments for the first six months. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. As of June 30, 2021, the Organization requested loan forgiveness in full and the application was under review. As of June 30, 2021, the loan balance was \$72,300. Subsequent to year-end, the Organization received loan forgiveness in the amount of \$72,300.

AMISTADES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 7 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at June 30, 2021:

Financial assets at year-end:	
Cash and cash equivalents	\$ 208,388
Accounts receivable	83,571
Total financial assets at year-end	<u>291,959</u>
Less amounts not available for general expenditures within one year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	17,416
Total amounts not available to meet general expenditures within one year	<u>17,416</u>
Financial assets available to meet general expenditures within one year	<u>\$ 274,543</u>

**Note 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2021 are restricted as follows:

	Purpose	Period
RWJ Restricted (ACH)	\$ 1,597	\$ -
STOP Town Hall	136	-
UNIDOS-Avanzando	1,364	-
UNIDOS-Ed Tech	2,242	-
UNIDOS-CODE	12,077	-
Total	<u>\$ 17,416</u>	<u>\$ -</u>

**Note 9 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 3, 2022, the date the financial statements were available to be issued, and noted the following subsequent event. Per the agreement with the Paycheck Protection Program, the entire loan balance was forgiven as noted in Note 6.