

# **La Causa, Inc.**

Financial Statements

December 31, 2023 and 2022

# La Causa, Inc.

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## Independent Auditors' Report

To the Board of Directors of  
La Causa, Inc.

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of La Causa, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Organization 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 the Organization'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 GAAS and *Government 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 GAAS and *Government 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 Organization'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 Organization'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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
June 5, 2024

## La Causa, Inc.

Statements of Financial Position  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,241,042	\$ 4,902,246
Grants receivable	1,310,826	1,592,935
Pledges receivable	39,134	46,511
Prepaid expenses	54,167	64,125
Property held for sale	169,237	169,237
Total current assets	<u>5,814,406</u>	<u>6,775,054</u>
<b>Property and Equipment, Net</b>	<u>13,762,661</u>	<u>14,149,200</u>
<b>Other Assets</b>		
Restricted cash	97,033	99,033
Other long-term assets	170,829	162,612
Total other assets	<u>267,862</u>	<u>261,645</u>
Total assets	<u>\$ 19,844,929</u>	<u>\$ 21,185,899</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 289,655	\$ 317,162
Due to Milwaukee County	20,000	50,000
Accrued expenses	678,518	925,440
Deferred revenue	1,337,156	1,599,121
Debt, current portion	336,727	436,727
Other liabilities	39,466	31,249
Total current liabilities	<u>2,701,522</u>	<u>3,359,699</u>
<b>Long-Term Liabilities</b>		
Asset retirement liability	92,214	92,214
Debt, less current portion, net	6,487,506	7,173,935
Total long-term liabilities	<u>6,579,720</u>	<u>7,266,149</u>
Total liabilities	<u>9,281,242</u>	<u>10,625,848</u>
<b>Net Assets</b>		
Without donor restrictions	10,427,520	10,414,507
With donor restrictions	136,167	145,544
Total net assets	<u>10,563,687</u>	<u>10,560,051</u>
Total liabilities and net assets	<u>\$ 19,844,929</u>	<u>\$ 21,185,899</u>

See notes to financial statements

## La Causa, Inc.

### Statements of Activities

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Revenue</b>						
Government grants	\$ 8,006,794	\$ -	\$ 8,006,794	\$ 8,361,846	\$ -	\$ 8,361,846
United Way	32,256	32,256	64,512	32,256	32,256	64,512
Donations	419,161	6,878	426,039	254,279	14,255	268,534
Special events	142,132	-	142,132	136,197	-	136,197
Child care and program fees	1,153,125	-	1,153,125	1,015,641	-	1,015,641
Fees for services	6,308,767	-	6,308,767	5,975,601	-	5,975,601
Miscellaneous	183,246	-	183,246	251,872	-	251,872
Net assets released from restrictions	48,511	(48,511)	-	85,855	(85,855)	-
Total public support and revenue	16,293,992	(9,377)	16,284,615	16,113,547	(39,344)	16,074,203
<b>Expenses</b>						
Program	13,885,820	-	13,885,820	13,056,096	-	13,056,096
Supporting services	2,395,159	-	2,395,159	2,426,799	-	2,426,799
Total expenses	16,280,979	-	16,280,979	15,482,895	-	15,482,895
Change in net assets	13,013	(9,377)	3,636	630,652	(39,344)	591,308
<b>Net Assets, Beginning</b>	10,414,507	145,544	10,560,051	9,783,855	184,888	9,968,743
<b>Net Assets, Ending</b>	\$ 10,427,520	\$ 136,167	\$ 10,563,687	\$ 10,414,507	\$ 145,544	\$ 10,560,051

See notes to financial statements

**La Causa, Inc.**Statements of Cash Flows  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 3,636	\$ 591,308
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	870,670	848,228
Amortization of debt issuance costs	7,799	7,673
Changes in assets and liabilities:		
Grants receivable	282,109	(334,324)
Pledges receivable	7,377	4,919
Prepaid expenses	9,958	17,438
Other long-term assets	(8,217)	(17,735)
Accounts payable	(27,507)	(20,695)
Accrued expenses	(246,922)	25,556
Deferred revenue	(261,965)	(65,996)
Due to Milwaukee County	(30,000)	(150,000)
Other liabilities	8,217	14,980
Asset retirement liability	-	11,119
	<u>615,155</u>	<u>932,471</u>
Net cash flows from operating activities	615,155	932,471
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(484,131)	(314,573)
<b>Cash Flows From Financing Activities</b>		
Principal payments on debt	(794,228)	(750,956)
	<u>(794,228)</u>	<u>(750,956)</u>
Net change in cash, cash equivalents and restricted cash	(663,204)	(133,058)
<b>Cash, Cash Equivalents and Restricted Cash, Beginning</b>	<u>5,001,279</u>	<u>5,134,337</u>
<b>Cash, Cash Equivalents and Restricted Cash, Ending</b>	<u>\$ 4,338,075</u>	<u>\$ 5,001,279</u>
<b>Supplemental Cash Flow Disclosures</b>		
Cash paid for interest	<u>\$ 288,758</u>	<u>\$ 260,010</u>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash to the Statements of Financial Position</b>		
Cash and cash equivalents	\$ 4,241,042	\$ 4,902,246
Restricted cash	<u>97,033</u>	<u>99,033</u>
Total cash, cash equivalents and restricted cash	<u>\$ 4,338,075</u>	<u>\$ 5,001,279</u>

See notes to financial statements

**La Causa, Inc.**Statement of Functional Expenses  
Year Ended December 31, 2023

	<b>Child Development / Prevention</b>	<b>Crisis Nursery</b>	<b>Social Services</b>	<b>Education</b>	<b>Total Program</b>	<b>Information Technology</b>	<b>Supporting Services</b>	<b>Total</b>
Payroll	\$ 901,729	\$ 331,102	\$ 2,327,886	\$ 4,048,931	\$ 7,609,648	\$ 221,152	\$ 1,106,322	\$ 8,937,122
Fringe benefits	171,703	76,061	391,523	492,279	1,131,566	27,247	230,553	1,389,366
Payroll taxes	70,818	25,046	175,742	309,414	581,020	16,916	87,252	685,188
Total payroll, taxes and fringes	1,144,250	432,209	2,895,151	4,850,624	9,322,234	265,315	1,424,127	11,011,676
Telephone, training and travel	22,332	9,360	195,829	142,062	369,583	2,816	56,533	428,932
Supplies	31,578	19,575	18,982	207,930	278,065	3,066	81,285	362,416
Occupancy	97,012	43,478	162,367	485,540	788,397	-	174,175	962,572
Equipment	6,252	8,786	7,304	361,516	383,858	1,120	24,855	409,833
Financing	32	61	74	1,788	1,955	-	294,601	296,556
Other	-	(515)	8,885	25,575	33,945	720	6,584	41,249
Professional services	-	90	103,684	466,990	570,764	21,360	115,644	707,768
Purchased services	151,350	593	18,394	1,005,677	1,176,014	35	13,258	1,189,307
Depreciation	37,518	25,753	266,793	348,744	678,808	-	191,862	870,670
Allocation of information technology expenses	6,106	3,537	29,147	243,407	282,197	(294,432)	12,235	-
Total expenses	<u>\$ 1,496,430</u>	<u>\$ 542,927</u>	<u>\$ 3,706,610</u>	<u>\$ 8,139,853</u>	<u>\$ 13,885,820</u>	<u>\$ -</u>	<u>\$ 2,395,159</u>	<u>\$ 16,280,979</u>

See notes to financial statements

**La Causa, Inc.**Statement of Functional Expenses  
Year Ended December 31, 2022

	<b>Child Development / Prevention</b>	<b>Crisis Nursery</b>	<b>Social Services</b>	<b>Education</b>	<b>Total Program</b>	<b>Information Technology</b>	<b>Supporting Services</b>	<b>Total</b>
Payroll	\$ 956,932	\$ 328,408	\$ 2,801,797	\$ 3,413,618	\$ 7,500,755	\$ 170,654	\$ 1,146,637	\$ 8,818,046
Fringe benefits	151,443	60,620	411,657	456,843	1,080,563	20,360	238,013	1,338,936
Payroll taxes	73,782	25,132	217,188	263,187	579,289	13,391	73,824	666,504
Total payroll, taxes and fringes	1,182,157	414,160	3,430,642	4,133,648	9,160,607	204,405	1,458,474	10,823,486
Telephone, training and travel	18,721	8,480	222,717	91,399	341,317	3,915	59,045	404,277
Supplies	31,766	18,989	27,788	321,021	399,564	734	83,041	483,339
Occupancy	103,250	40,503	158,739	475,280	777,772	-	145,329	923,101
Equipment	19,918	14,026	7,204	118,293	159,441	243	20,862	180,546
Financing	-	18	-	5,082	5,100	-	262,198	267,298
Other	-	-	-	12,714	12,714	-	31,001	43,715
Professional services	2,122	-	111,911	299,172	413,205	57,099	149,524	619,828
Purchased services	142,877	165	18,202	707,675	868,919	-	20,158	889,077
Depreciation	44,950	26,614	268,187	319,196	658,947	-	189,281	848,228
Allocation of information technology expenses	4,209	2,371	29,463	222,467	258,510	(266,396)	7,886	-
Total expenses	<u>\$ 1,549,970</u>	<u>\$ 525,326</u>	<u>\$ 4,274,853</u>	<u>\$ 6,705,947</u>	<u>\$ 13,056,096</u>	<u>\$ -</u>	<u>\$ 2,426,799</u>	<u>\$ 15,482,895</u>

See notes to financial statements

# La Causa, Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

## 1. Summary of Significant Accounting Policies

### Nature of Activities

La Causa, Inc. (the Organization) is a bilingual multicultural agency committed to children, youth and families. It was organized to operate exclusively for charitable and educational purposes and to develop programs for the care of children and families as well as the social, recreational and cultural development of these families located in Milwaukee County, Wisconsin.

### Principles of Presentation

The accompanying financial statements include the accounts of General Property Systems, LLC, which is currently inactive.

In 2016, the Organization initiated the formation of La Causa Foundation, Inc. (the Foundation), which is organized and operated exclusively for charitable, education and scientific purposes within the meaning of those terms as used in sections 501(c)(3) of the Internal Revenue Code of 1986. The sole purpose of the Foundation is to operate for the exclusive benefit of the Organization. The Organization is the sole member of the Foundation. There was no activity relating to the Foundation from 2016 through 2023.

### Cash and Cash Equivalents

The Organization defines cash equivalents as liquid, short-term investments with a maturity at the date of acquisition of three months or less.

### Grants Receivable

Grants receivable represents the outstanding balance of government and other grants due to the Organization based upon costs incurred, services completed and review of agreements. Management determines the need for an allowance for doubtful accounts based on historical collection experience and a review of current receivable balances. Bad debt allowance for doubtful accounts is \$167 and \$0 as of December 31, 2023 and 2022, respectively.

### Pledges Receivable

Pledges made to the Organization are recorded in the year the pledge is made. The pledges receivable balance at December 31, 2023 and 2022 is expected to be collected within the next year. The Organization believes all amounts are fully collectible and no allowance is necessary at December 31, 2023 and 2022.

### Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

## La Causa, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization has recorded a liability for the conditional asset retirement obligation related to encapsulated asbestos material in its buildings in accordance with authoritative guidance. A liability of \$92,214 was recorded at December 31, 2023 and 2022.

### Property Held for Sale

Property held for sale is reported at the lower of the respective carrying value or fair value less cost to sell. These assets are generally marketed for sale immediately. Property held for sale is not depreciated. The property meets the requirements to be classified as held for sale at December 31, 2023 and 2022.

### Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There have been no impairment losses in 2023 and 2022.

### Restricted Cash

Restricted cash consists of cash restricted or designated for long-term purposes. At December 31, restricted cash consisted of the following:

	<u>2023</u>	<u>2022</u>
Charter School	\$ 25,532	\$ 27,532
Crisis Nursery	<u>71,501</u>	<u>71,501</u>
Total restricted cash	<u>\$ 97,033</u>	<u>\$ 99,033</u>

### Deferred Revenue and Due to Milwaukee County

Deferred revenue consists of cash received from government grants that is not fully earned. The revenue will be recognized in subsequent years when the expenses are incurred or other conditions are met.

In March 2021, Milwaukee County requested deferred revenue to be returned relating to programs funded during 2019. The Organization and Milwaukee County agreed to a one-time payment of \$59,715 and monthly installment repayment plan of twenty-four monthly installments of \$12,500 that began during May 2021, at 0% interest. The final installment was paid by the Organization during 2023.

In August 2022, the Organization requested a repayment plan for the 2021 deferred revenue to be returned relating to programs funded during 2021. During 2023, Milwaukee County has agreed to a one-time payment of \$144,946 and a monthly installment repayment plan of 10 monthly installments of \$20,000 that begin April 15, 2023, at 0% interest.

## La Causa, Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

In August 2023, the Organization requested a repayment plan for the 2022 deferred revenue to be returned relating to programs funded during 2022. Milwaukee County agreed to a one-time payment of \$18,591 and two monthly installments of \$25,000. These amounts were paid by the Organization during 2023.

Deferred revenue to grantors is reclassified in the statements of financial position as amounts due to the specific funding source when the funding source requests deferred revenue to be returned.

### Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

*Net Assets Without Donor Restrictions.* Net assets that are not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions.* Net assets subject to donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations or that they be maintained in perpetuity by the Organization.

### Board Designated Net Assets

The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. There are no Board designated net assets at December 31, 2023 and 2022.

### Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Contributions and Grants

Unconditional contributions or grants are recognized when cash, securities, other assets or promises to give are received. Conditional contributions or grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Most of the Organization's federal, state and other grants or contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2023 and 2022, there was approximately \$4,050,000 and \$4,000,000, respectively, of conditional grant revenue, which includes \$1,287,860 and \$1,519,086, respectively, that had been received in advance and is included within deferred revenue on the statements of financial position. These amounts will either be earned by the Organization or repaid to funding sources.

## La Causa, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire during the year in which the contributions are recognized.

### In-Kind Contributions

The Organization uses the services of volunteers when and where appropriate to reduce labor costs, improve community involvement, provide training situations and encourage parental involvement. Volunteer hours utilized in 2023 and 2022 are not reflected in the financial statements as they generally do not require specialized skills.

### Contracts With Customers

A portion of the Organization's revenues arise from the sale of goods and services under contracts with customers. Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer. Contracts with customers do not include a significant financing component.

*Child Care and Program Fees:* The most significant contracts with customers relate to child care services and after school programs provided by the Organization. These activities are included within child care and program fees on the statements of activities. For both programs there are agreements between the parents and the Organization determining the service to be provided and fee. Payments from parents in the form of cash or government voucher subsidies are received monthly. The services are provided over time as children are cared for and after school programs are conducted each day. Revenue is recognized as the services are provided.

Below is the opening and closing balances of accounts receivable and deferred revenue from contracts with customers:

	<u>January 1, 2022</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Account receivable	\$ -	\$ 121	\$ 186
Deferred revenue	46,581	80,035	49,296

### Expense Allocation

The financial statements report certain categories of expenses that are attributable to program or supporting functions of the Organization. Expenses that are allocated include salaries and benefits, depreciation and occupancy costs. Salaries and benefits are allocated based on estimated time and effort. Depreciation and occupancy costs are allocated based on the square footage used by each department working at the building incurring the costs.

The Organization accumulates information technology costs within its own department and allocates these expenditures to the relevant individual programs. Information technology is allocated based on number of users assigned per department.

## La Causa, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Reclassification

For comparability, certain 2022 amounts have been reclassified to conform with classifications adopted in 2023. The reclassifications have no effect on reported amounts of net assets or change in net assets.

### Liquidity and Availability

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general operating expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit with availability of \$750,000, as discussed in Note 4.

The Organization's financial assets available within one year of the statements of financial position date for general expenditure such as operating expenses, scheduled principal payments on debt and capitalized costs not financed with debt are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,241,042	\$ 4,902,246
Grants receivable	1,310,826	1,592,935
Pledges receivable	39,134	46,511
	<u>5,591,002</u>	<u>6,541,692</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,591,002</u>	<u>\$ 6,541,692</u>

## 2. Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	<u>Depreciable Lives</u>	<u>2023</u>	<u>2022</u>
Land	N/A	\$ 1,132,680	\$ 1,132,680
Buildings and improvements	5-40 years	19,686,445	19,686,445
Vehicles	3-5 years	134,232	134,232
Equipment	3-7 years	3,853,408	3,342,667
Construction in progress	N/A	-	22,740
		<u>24,806,765</u>	<u>24,318,764</u>
Total property and equipment		24,806,765	24,318,764
Less accumulated depreciation		<u>11,044,104</u>	<u>10,169,564</u>
Net property and equipment		<u>\$ 13,762,661</u>	<u>\$ 14,149,200</u>

## La Causa, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 3. Debt

Debt consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Note payable, bank, interest rate of 3.25%, until June 2025 at which time the rate will be based on the one month term secured overnight financing rate (SOFR) plus 2.01%, principal is payable in monthly installments of \$12,906, interest is payable monthly, a final payment equal to all unpaid principal and accrued interest is due on June 1, 2027, collateralized by real estate at 413 W. Scott Street, 804 West Greenfield Avenue, 809 West Greenfield Avenue and 1655 South 2nd Street, Milwaukee, Wisconsin and 5235-5237 North Ironwood Road, Glendale, Wisconsin (collectively, the real estate).	\$ 3,056,256	\$ 3,293,633
Note payable, bank, interest rate of 3.25%, principal was payable in monthly installments of \$8,333 beginning January 2021, interest was payable monthly, a final payment equal to all unpaid principal and accrued interest was paid on December 1, 2023. The note was collateralized by the real estate.	-	100,000
Note payable, bank, interest rate of 5.35% until May 2023 when the interest rate converted to the five year term SOFR plus 2.01% with a minimum of 4.50% and maximum of 5.76% (5.33% at December 31, 2023), principal and interest are payable in monthly installments, a final payment equal to all unpaid principal and accrued interest is due November 1, 2027. The note is collateralized by real estate.	1,992,424	2,372,795
Note payable, bank, interest rate of one month term SOFR plus 2.01% with a minimum rate of 3.50% (3.50% at December 31, 2023), principal and interest are payable in monthly installments, a final payment equal to all unpaid principal and accrued interest is due on November 1, 2027. The note is collateralized by real estate.	<u>1,790,907</u>	<u>1,867,387</u>
Total	6,839,587	7,633,815
Less current portion	<u>336,727</u>	<u>436,727</u>
Total long-term portion	6,502,860	7,197,088
Debt issuance costs, net of accumulated amortization	<u>(15,354)</u>	<u>(23,153)</u>
Long-term portion, net	<u>\$ 6,487,506</u>	<u>\$ 7,173,935</u>

## La Causa, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

Principal requirements on long-term debt for years ending after December 31, 2023 are as follows:

Years ending December 31:	
2024	\$ 336,727
2025	336,727
2026	336,727
2027	<u>5,829,406</u>
Total	<u>\$ 6,839,587</u>

The Organization is subject to certain restrictions and covenants related to their debt. As of December 31, 2023, the Organization was in compliance with all of the established covenants.

Interest charged to expense incurred on the long-term debt and line of credit (see Note 4) was \$288,758 and \$260,010 for the years ended December 31, 2023 and 2022, respectively and is included in financing on the statements of functional expenses.

#### 4. Line of Credit

The Organization obtained a line of credit for \$750,000 with Town Bank in 2020. Interest is payable at one month term SOFR plus 1.76% (7.14% at December 31, 2023) and the line expires November 1, 2027. At December 31, 2023 and 2022, the line did not have an outstanding balance. The line of credit is collateralized by the real estate.

#### 5. Retirement Plans

##### Retirement Savings Plan

The Organization provides retirement benefits for all eligible employees who have enrolled in a 403(b) retirement savings plan. In 2023 and 2022, the Organization contributed a 25% match or up to 6% of regular salary to those employees participating in the retirement plan totaling \$36,464 and \$41,539, respectively. The Organization did not contribute a discretionary contribution to the plan in 2023 or 2022.

##### Deferred Compensation

The Organization entered into a deferred compensation plan during 2018, which covers certain employees for payments to be made upon death, disability, retirement and other contractual provisions. The Organization has recorded a liability of \$131,363 and \$137,589 as of December 31, 2023 and 2022, respectively, related to this plan. The amount represents the present value of the payments due to the participants and estimated other plan costs. Amounts owed in fulfillment of certain contract requirements are presented as accrued expenses on the statements of financial position. Deferred compensation expense and other contractual expenses related to the plans were \$45,132 and \$37,522 in 2023 and 2022, respectively and are included in supporting services on the statements of activities.

## La Causa, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 6. Net Assets

Net assets with donor restrictions at December 31 are composed of:

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 39,134	\$ 46,511
Charter School, scholarships and programs	25,532	27,532
Crisis Nursery, capital campaign	<u>71,501</u>	<u>71,501</u>
Total	<u>\$ 136,167</u>	<u>\$ 145,544</u>

### 7. Concentrations

The majority of the government grants and fees for services revenue on the statements of activities are from federal, state and local government contracts in 2023 and 2022. All of the grants receivable on the statements of financial position are due from federal, state and local government contracts at December 31, 2023 and 2022.

The Organization maintains cash balances in an institution which exceeds the federally insured limit of \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

### 8. Contingencies

#### Financial Awards From Grantors

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

### 9. Litigation

The Organization is party to various legal actions that are incidental to its activities. The outcome of legal actions directly involving the Organization cannot be predicted with certainty. Management believes that the outcome of any of the ongoing proceedings or all of them combined, will not have a material adverse effect on its financial position or activities.

### 10. Related Parties

Board members typically make contributions to the various campaigns of the Organization and may be employees of firms with which the Organization has business relationships or that contribute funds to the Organization. Annually, Board members are required to disclose those interests.

### 11. Subsequent Events

The Organization has evaluated subsequent events through June 5, 2024, which is the date that the financial statements were available to be issued.