

LAAMISTAD, INC.

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019 AND 2018

LAAMISTAD, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
LaAmistad, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of LaAmistad, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 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 LaAmistad, Inc. as of June 30, 2019 and 2018, 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.

*Brooks, McGinnis & Company, LLC*

Atlanta, Georgia  
November 4, 2019

LAAMISTAD, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 402,267	\$ 282,213
Certificates of deposit	122,950	121,200
Grants receivable, net	279,000	135,308
Prepaid expenses	13,742	5,274
Equipment, net	15,638	15,084
Total assets	\$ 833,597	\$ 559,079
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 57,785	\$ 56,485
Deferred revenue	38,569	10,250
Total liabilities	96,354	66,735
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions:		
Expended for equipment, net	15,638	15,084
Available for operations	49,858	142,127
Total net assets without donor restrictions	65,496	157,211
Net assets with donor restrictions	671,747	335,133
Total net assets	737,243	492,344
Total liabilities and net assets	\$ 833,597	\$ 559,079

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

LAAMISTAD, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues, gains and support:				
Contributions	\$ 209,928	\$ 20,090	\$ 230,018	\$ 285,334
Grants and awards	65,000	598,232	663,232	335,388
In kind revenue	597,165	-	597,165	604,191
Program fees and other revenue	147,170	-	147,170	86,506
Special event revenue, net of direct expenses of \$113,951 and \$71,703, respectively,	64,940	-	64,940	69,081
Net assets released from restrictions	281,708	(281,708)	-	-
Total revenues, gains and support	<u>1,365,911</u>	<u>336,614</u>	<u>1,702,525</u>	<u>1,380,500</u>
Expenses:				
Program	1,172,257	-	1,172,257	1,131,851
General and administrative	189,858	-	189,858	193,885
Fundraising	95,511	-	95,511	108,833
Total expenses	<u>1,457,626</u>	<u>-</u>	<u>1,457,626</u>	<u>1,434,569</u>
(Increase) decrease in net assets	(91,715)	336,614	244,899	(54,069)
Net assets, beginning of year	<u>157,211</u>	<u>335,133</u>	<u>492,344</u>	<u>546,413</u>
Net assets, end of year	<u>\$ 65,496</u>	<u>\$ 671,747</u>	<u>\$ 737,243</u>	<u>\$ 492,344</u>

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

LAAMISTAD, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2018</u>
Revenues, gains and support:			
Contributions	\$ 256,992	\$ 28,342	\$ 285,334
Grants and awards	33,980	301,408	335,388
In kind revenue	604,191	-	604,191
Program fees and other revenue	86,506	-	86,506
Special event revenue, net of direct expenses of \$71,703	69,081	-	69,081
Net assets released from restrictions	376,921	(376,921)	-
Total revenues, gains and support	<u>1,427,671</u>	<u>(47,171)</u>	<u>1,380,500</u>
Expenses:			
Program	1,131,851	-	1,131,851
General and administrative	193,885	-	193,885
Fundraising	108,833	-	108,833
Total expenses	<u>1,434,569</u>	<u>-</u>	<u>1,434,569</u>
Decrease in net assets	(6,898)	(47,171)	(54,069)
Net assets, beginning of year	<u>164,109</u>	<u>382,304</u>	<u>546,413</u>
Net assets, end of year	<u>\$ 157,211</u>	<u>\$ 335,133</u>	<u>\$ 492,344</u>

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

LAAMISTAD, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 479,674	\$ 92,534	\$ 30,845	\$ 603,053
Payroll taxes and benefits	<u>77,031</u>	<u>19,264</u>	<u>9,632</u>	<u>105,927</u>
Total personnel	556,705	111,798	40,477	708,980
 Program services, food and supplies	 79,654	 -	 -	 79,654
Contractor and outside services	24,562	-	-	24,562
Office supplies	-	598	-	598
Professional fees	1,195	10,095	-	11,290
Insurance	4,444	4,444	-	8,888
Facilities	472,063	8,025	4,200	484,288
Telephone and internet	13,045	2,609	1,739	17,393
Advertising and publicity	13,125	34,126	5,250	52,501
Fundraising	-	-	42,850	42,850
Depreciation	7,464	1,493	995	9,952
Other	<u>-</u>	<u>16,670</u>	<u>-</u>	<u>16,670</u>
 Total expenses	 \$ <u>1,172,257</u>	 \$ <u>189,858</u>	 \$ <u>95,511</u>	 \$ <u>1,457,626</u>
 Percentage of total	 <u>80%</u>	 <u>13%</u>	 <u>7%</u>	 <u>100%</u>

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

LAAMISTAD, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 418,167	\$ 104,167	\$ 34,722	\$ 557,056
Payroll taxes and benefits	<u>86,037</u>	<u>13,114</u>	<u>6,557</u>	<u>105,708</u>
Total personnel	504,204	117,281	41,279	662,764
Program services, food and supplies	102,640	-	-	102,640
Contractor and outside services	21,361	-	-	21,361
Office supplies	-	788	-	788
Professional fees	4,298	12,698	-	16,996
Insurance	4,669	4,669	-	9,338
Facilities	467,263	8,025	4,200	479,488
Telephone and internet	7,877	1,575	1,050	10,502
Advertising and publicity	13,074	33,993	5,230	52,297
Fundraising	-	-	56,212	56,212
Depreciation	6,465	1,293	862	8,620
Other	<u>-</u>	<u>13,563</u>	<u>-</u>	<u>13,563</u>
Total expenses	\$ <u>1,131,851</u>	\$ <u>193,885</u>	\$ <u>108,833</u>	\$ <u>1,434,569</u>
Percentage of total	<u>78%</u>	<u>14%</u>	<u>8%</u>	<u>100%</u>

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

LAAMISTAD, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 244,899	\$ (54,069)
Adjustments to reconcile decrease in net assets to net cash used in operations:		
Depreciation	9,952	8,620
(Increase) decrease in:		
Grants receivable, net	(143,692)	(50,308)
Prepaid expenses	(8,468)	4,341
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,300	(5,568)
Deferred revenue	28,319	2,950
Total adjustments	<u>(112,589)</u>	<u>(39,965)</u>
Net cash provided by (used in) operating activities	<u>132,310</u>	<u>(94,034)</u>
 Cash flows from investing activities:		
Acquisition of equipment	(10,506)	(10,602)
Reinvestment of interest on certificates of deposit	<u>(1,750)</u>	<u>(1,200)</u>
Net cash used in investing activities	<u>(12,256)</u>	<u>(11,802)</u>
 Net increase (decrease) in cash and cash equivalents	120,054	(105,836)
 Cash and cash equivalents, beginning of year	<u>282,213</u>	<u>388,049</u>
 Cash and cash equivalents, end of year	<u>\$ 402,267</u>	<u>\$ 282,213</u>

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

LAAMISTAD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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1. Nature of Organization and Significant Accounting Policies

Nature of Organization

The accompanying financial statements include the accounts of LaAmistad, Inc. (the Organization), a nonprofit organization incorporated in 2006 under the laws of the State of Georgia. The Organization's defined mission is to prepare Latino students and families for success through academic and life enrichment programs. The Organization has served over 1,000 students in its after-school program, and the Organization has the largest community-based adult English as a second language program in the state of Georgia with over 5,000 students served. Support for the Organization's activities is provided primarily by individual, foundation, corporate and church contributions.

Method of Reporting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions described as follows:

- Net assets without donor restrictions are resources not subject to donor-imposed restrictions or law.
- Net assets with donor restrictions are resources whose use by the Organization is limited by donor-imposed restrictions the either expire by the passage of time, can be fulfilled by actions of the Organization, or require the corpus to be maintained in perpetuity. The Organization has no net assets with donor restriction that are required to be held in perpetuity.

Contributions

Depending on the existence and/or nature of any donor restrictions, contributions are recorded as support with donor restrictions or support without donor restrictions. Time and capital donor-restricted support is 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 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.

LAAMISTAD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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1. Nature of Organization and Significant Accounting Policies – Continued

Donated Facilities, Goods and Services

All non-cash gifts are carried at their estimated fair value at the date of receipt if reasonably determinable. For the years ended June 30, 2019 and 2018, the estimated value of donated goods is \$162,617 and \$123,186, respectively, and has been reflected in these financial statements as in kind revenue of \$110,577 and \$110,733, respectively, and special events revenue of \$52,040 and \$12,453, respectively. The Organization receives the use of facilities and vehicles owned by other entities for its programs and offices. The facilities, including utilities, cleaning and maintenance, and the vehicles are provided to the Organization for no cost. Therefore, the estimated fair market rental value of these facilities and vehicles for the years ended June 30, 2019 and 2018 of \$487,488 and \$492,288 respectively, has been reflected in these financial statements as in kind revenue of \$484,488 and \$489,288 respectively, and special events revenue of \$3,000 for each year.

A substantial number of volunteers have donated significant amounts of their time to the Organization's programs and supporting services. If donated services received either created or enhanced non-financial assets or required specialized skills which would need to be purchased if not donated, GAAP requires the value of those donated services to be recorded. The estimated value of the donated services which meet the above requirements has been reflected in these financial statements as in kind revenue at the fair value of the services received, which was approximately \$2,100 and \$4,170, respectively, for the years ended June 30, 2019 and 2018.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Totals

The Statement of Activities for the year ended June 30, 2019 on page 3 includes summarized totals for the year ended June 30, 2018 presented only to provide a basis for comparison with fiscal 2019. The summarized totals for fiscal 2018 on page 3 are not intended to present all information necessary for fair presentation in accordance with GAAP. The detailed presentation in accordance with GAAP for the year ended June 30, 2018 is provided on page 4.

LAAMISTAD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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1. Nature of Organization and Significant Accounting Policies – Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The expenses that are allocated include professional fees, advertising and publicity, insurance, facilities, telephone and internet, and depreciation which are allocated on the basis of estimates of how the expenses support the programs and supporting services, as well as salaries and wages and payroll taxes and benefits which are allocated on the basis of estimates of time and effort.

Concentration of Credit Risk

Cash and cash equivalents consist of demand deposits at a commercial bank. The account balances of cash and cash equivalents and certificates of deposit, as reflected in the institution's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2019 and 2018. As of June 30, 2019 and 2018, cash deposits exceed the FDIC insurance coverage by \$187,351 and \$172,764, respectively.

Equipment, Net

Equipment is recorded at cost. The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. The cost of the equipment is depreciated over the estimated useful lives of the related assets using the straight-line method, which range from 3 to 5 years.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as an organization other than a private foundation. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2019 and 2018, the Organization did not have any unrelated business income, and accordingly, there is no unrelated business income tax. The Organization's management believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's income tax returns are subject to examination by the appropriate regulatory authorities and remain open to examination for the last three years.

LAAMISTAD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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1. Nature of Organization and Significant Accounting Policies – Continued

Deferred Revenue

Deferred revenue represents the amount of special event sponsorships and program fees related to the subsequent year. These amounts are recognized as revenue in the subsequent period when earned.

Advertising

Advertising is expensed as incurred.

Subsequent Events

Subsequent events have been evaluated through November 4, 2019, which is the date the financial statements were available to be issued. There were no significant subsequent events that required recognition or disclosure in the financial statements.

2. Liquidity and Availability of Financial Assets

The Organization is substantially supported by contributions without donor restrictions. However, the Organization sometimes receives contributions with donor restrictions for various programs. Because a donor's restrictions require funds to be used in a particular manner or in a future period, the Organization maintains those funds with donor restrictions so that they are available to meet those responsibilities as they are required to be met. The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, administrative purposes, or fundraising.

LAAMISTAD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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2. Liquidity and Availability of Financial Assets – Continued

The Organization’s financial assets as of June 30 (reduced by amounts that are not available for general use in the next 12 months) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

	2019	2018
Cash and cash equivalents	\$ 402,267	\$ 282,213
Certificates of deposit	122,950	121,200
Grants receivable	279,000	135,308
Total financial assets available	804,217	538,721
Less:		
Grants receivable - due in more than one year, net	(88,000)	(42,808)
Cash restricted by donors for college scholarships	(50,019)	(55,383)
Financial assets available to meet cash needs for general expenditures within one year	\$ 666,198	\$ 440,530

The Organization structures its financial assets to be available as its general expenditure, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next twelve months, the Organization utilizes an operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statement of cash flows identifies the sources and uses of the Organization’s operating cash.

3. Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all cash investments and highly liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents as of June 30 consist of the following:

	2019	2018
Cash and cash equivalents:		
Available for all operations	\$ 9,520	\$ 82,388
Donor restricted for After school program*	342,503	90,309
Donor restricted for other	50,244	109,516
Total cash and cash equivalents	\$ 402,267	\$ 282,213

\* LaAmistad's primary program

LAAMISTAD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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4. Grants Receivable, Net

Grants receivable consisted of multi-year grants totaling \$279,000 and \$135,308, respectively, as of June 30, 2019 and 2018, with \$191,000 and \$88,000 respectively, expected to be collected in fiscal 2019 and 2020. Management expects the grants receivable as of June 30, 2019 to be fully collectible, and therefore, no allowance for doubtful accounts has been established. The grants receivable as of June 30, 2018 are shown net of a \$2,192 discount, for the net present value of future cash flows respectively, which is calculated using an effective rate of approximately 2.5%. There is no discount associated with the grants receivable as of June 30, 2019.

5. Equipment, Net

Organization equipment consists of the following as of June 30:

	2019	2018
Website	\$ 9,376	\$ 9,376
Computers and office equipment	37,547	32,438
Software	10,602	10,602
	57,525	52,416
Less accumulated depreciation	(41,887)	(37,332)
Total equipment, net	\$ 15,638	\$ 15,084

Depreciation expense for the years ended June 30, 2019 and 2018 was \$9,952 and \$8,620, respectively.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of contributions the Organization received subject to donor-imposed restrictions consisting of the following as of June 30:

	2019	2018
Program restrictions:		
After school program	\$ 342,503	\$ 90,309
Scholarships	50,019	55,383
Expansion and replication in Metropolitan Atlanta	225	54,133
Total net assets with program restrictions	392,747	199,825
Time restrictions:		
Grants receivable, net	279,000	135,308
Total net assets with donor restrictions	\$ 671,747	\$ 335,133

LAAMISTAD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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7. Net Assets Released from Restrictions

The following net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30:

	2019	2018
Program restriction accomplished:		
Expansion and replication in Metropolitan Atlanta	\$ 53,909	\$ 174,245
Other replication and website development	7,500	1,100
English for Successful Living	16,790	30,250
After school program	191,105	131,209
Summer camp	6,940	35,000
College Assistance	5,464	5,117
Total net assets released from restrictions	\$ 281,708	\$ 376,921

8. Related Party Transactions

The Organization is related to Peachtree Presbyterian Church, Inc. (the “Church”), as it is operated from the Church premises, a member of the Organization’s Board of Directors is a Church employee, and certain employees are shared by the two organizations. The Church provides certain cash contributions, facilities, a bus and other goods and services to LaAmistad, Inc. For the years ended June 30, 2019 and 2018, the Church provided cash contributions to the Organization totaling \$93,750 and \$75,000, respectively. In March 2019, the organization received a contingent pledge from the Church, of which they expect to collect \$37,500 during fiscal 2020. Since the funding is contingent upon the Church meeting certain fundraising criteria, it is not recognized as an asset or revenue in the accompanying financial statements until it is collected. The prior year contingent pledge from the Church of \$56,250 was fully collected during fiscal 2019 and is included in the \$93,750 contributions total above.

Additionally, the Church donated the use of facilities used for the Organization’s offices and certain programs and events. The value of the donated use of the facilities, including utilities, cleaning and maintenance, is included in the financial statements with a corresponding facilities expense of \$222,375 for the years ended June 30, 2019 and 2018. The value of the donated use of a bus used for Organization programs is included in the financial statements with a corresponding program services, food and supplies expense of \$200 and \$9,800, respectively, for the years ended June 30, 2019 and 2018.

For both years ended June 30, 2019 and 2018, the Church donated other goods and services to the Organization totaling \$64,498 including graphic design and printing.

LAAMISTAD, INC.  
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9. Commitments and Contingencies

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management deems the contingency unlikely. The grants and contracts are subject to audit by the grantor. The grantor has the authority to determine liabilities or limit or suspend participation in various sponsored programs. For the years ended June 30, 2019 and 2018, the Organization was in compliance with these terms and conditions.