

**HISPANICS IN PHILANTHROPY AND AFFILIATE**

Combined Financial Statements

For the Year Ended December 31, 2019

## Table of Contents

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	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Combined Statement of Financial Position	3
Combined Statement of Activities	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7 - 14
<b>Supplementary Information:</b>	
Combining Statement of Financial Position	15
Combining Statement of Activities	16

## **Independent Auditor's Report**

**To the Board of Directors  
Hispanics in Philanthropy and Affiliate  
Oakland, California**

We have audited the accompanying combined financial statements of Hispanics in Philanthropy (HIP) and Affiliate (collectively, the Organization) which comprise the combined statement of financial position as of December 31, 2019, and the related combined statements of activities, functional expenses and cash flows for the year then ended and the related notes to the combined 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 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 from 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Effect of Adopting New Accounting Standard**

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
November 9, 2020

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Financial Position  
December 31, 2019

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**Assets**

Cash and cash equivalents	\$ 5,762,962
Contributions and grants receivable	1,088,597
Accounts receivable	27,919
Prepaid expenses and deposits	185,829
Investments	<u>8,452,352</u>

**Total Assets** \$ 15,517,659

**Liabilities and Net Assets**

**Liabilities:**

Accounts payable	\$ 181,333
Accrued liabilities	93,679
Grants payable	256,094
Deferred revenue	<u>28,000</u>

**Total Liabilities** **559,106**

**Net Assets:**

Without donor restrictions	5,295,550
With donor restrictions	<u>9,663,003</u>

**Total Net Assets** 14,958,553

**Total Liabilities and Net Assets** \$ 15,517,659

**HISPANICS IN PHILANTHROPY AND AFFILIATE**

**Combined Statement of Activities  
For the Years Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue:</b>			
Contributions and grants	\$ 61,127	\$ 14,101,202	\$ 14,162,329
Events	430,596		430,596
Memberships	631,800		631,800
Investment income, net	161,288		161,288
Net assets released from restrictions	6,089,782	(6,089,782)	
<b>Total Operating Revenue</b>	<b>7,374,593</b>	<b>8,011,420</b>	<b>15,386,013</b>
<b>Operating Expenses:</b>			
Program services-			
Grants awarded	3,091,237		3,091,237
Other program	4,161,391		4,161,391
Supporting services-			
General and administrative	421,129		421,129
Fundraising and development	278,172		278,172
<b>Total Operating Expenses</b>	<b>7,951,929</b>		<b>7,951,929</b>
<b>Change in Net Assets From Operations</b>	<b>(577,336)</b>	<b>8,011,420</b>	<b>7,434,084</b>
<b>Nonoperating Activities:</b>			
Other revenue	89,031		89,031
Realized and unrealized gain on investments	398,680		398,680
<b>Change in Net Assets From Nonoperating Activities</b>	<b>487,711</b>		<b>487,711</b>
<b>Change in Net Assets</b>	<b>(89,625)</b>	<b>8,011,420</b>	<b>7,921,795</b>
Net assets, beginning of year	5,385,175	1,651,583	7,036,758
<b>Net Assets, End of Year</b>	<b>\$ 5,295,550</b>	<b>\$ 9,663,003</b>	<b>\$ 14,958,553</b>

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Functional Expenses  
For the Years Ended December 31, 2019

	Program Services	General and Administrative	Fundraising and Development	Total
<b>Personnel:</b>				
Salaries	\$ 1,614,619	\$ 183,253	\$ 140,521	\$ 1,938,393
Fringe benefits	169,463	20,608	14,667	204,738
Payroll taxes	129,772	15,370	12,128	157,270
<b>Total Personnel</b>	<b>1,913,854</b>	<b>219,231</b>	<b>167,316</b>	<b>2,300,401</b>
<b>Other Expenses:</b>				
Grants awarded	3,091,237			3,091,237
Consultants	1,041,191	115,831	72,726	1,229,748
Training and events	242,674			242,674
Travel	567,747	32,448	8,975	609,170
Information technology	99,902	7,503	4,001	111,406
Occupancy	170,939	23,002	14,106	208,047
Insurance	12,763	4,562	903	18,228
Equipment rental and maintenance	3,414	434	322	4,170
Supplies	43,656	4,386	1,612	49,654
Printing and publication	13,493	719	81	14,293
Communications and marketing	1,279		2,401	3,680
Membership and fees	2,139	4,417	3,908	10,464
Depreciation	13,373	1,631	1,305	16,309
Other	34,967	6,965	516	42,448
<b>Total Other</b>	<b>5,338,774</b>	<b>201,898</b>	<b>110,856</b>	<b>5,651,528</b>
<b>Total Expenses</b>	<b>\$ 7,252,628</b>	<b>\$ 421,129</b>	<b>\$ 278,172</b>	<b>\$ 7,951,929</b>

See accompanying notes.

**HISPANICS IN PHILANTHROPY AND AFFILIATE**

**Combined Statement of Cash Flows  
For the Years Ended December 31, 2019**

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**Cash Flows From Operating Activities:**

Change in net assets	\$ 7,921,795
Adjustments to reconcile changes in net assets to net cash provided by operating activities-	
Depreciation	16,309
Realized and unrealized gain on investments	(398,680)
Loss on disposal of property and equipment	3,694
Change in operating assets and liabilities:	
Contributions and grants receivable	118,185
Accounts receivable	(77,919)
Prepaid expenses and deposits	(71,349)
Accounts payable	108,995
Accrued liabilities	(144,367)
Grants payable	14,966
Deferred revenue	<u>(2,486,982)</u>

**Net Cash Provided by Operating Activities** **5,004,647**

**Cash Flow From Investing Activities:**

Purchases of investments	(6,377,952)
Sales of investments	<u>3,869,788</u>

**Net Cash Used by Investing Activities** **(2,508,164)**

**Net Change in Cash and Cash Equivalents** **2,496,483**

Cash and cash equivalents, beginning of year 3,266,479

**Cash and Cash Equivalents, End of Year** **\$ 5,762,962**

See accompanying notes.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 1 - Nature of Operations and Significant Accounting Policies

Hispanics in Philanthropy (HIP) was founded in 1981 to promote stronger partnerships between organized philanthropy and Latino communities. HIP has developed into a transnational network of grant-makers committed to strengthening Latino communities across the Americas. HIP's mission is to strengthen Latino leadership, voice and equity. Through its grant making activities, HIP channels philanthropic resources from multiple sources to organizations operating at the local level throughout the Americas.

Hispanics in Philanthropy Latin America (HIP LatinoAmerica) (the Affiliate) is a non-profit company incorporated under the laws of Mexico City, United Mexican States. Formed in May 2016, HIP LatinoAmerica supports philanthropy in Mexico and LatinAmerica by facilitating the work of grassroots organizations that promote the development of LatinAmerica.

**Principles of Combination** - The accompanying combined financial statements include the accounts of HIP and HIP LatinoAmerica (collectively, the Organization) after elimination of inter-entity accounts and activity. HIP has an economic interest in HIP LatinoAmerica, as HIP provides the majority of support for the operations and of and shares programs with HIP LatinoAmerica.

**Basis of Presentation** - The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization has presented an unclassified statement of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash.

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

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or through the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

#### Revenue Recognition -

Contributions and Grants - Contributions and grants are recognized in the period received, including unconditional pledges when promised, at their fair value.

Conditional Contributions and Grants - Conditional contributions and grants are recognized as revenue in the period in which the conditions have been satisfied. Conditional grants for which conditions had not yet been met totaled approximately \$3,695,000 at December 31, 2019. The Organization expects to satisfy the conditions contained in these grants over the next two years.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 1 - Continued

Events - Revenue for events is recognized in the period in which the event occurs.

Memberships - Memberships are recognized as revenue without donor restrictions in the period received.

**Cash and Cash Equivalents** - For purposes of the combined Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash held in foreign banks totaled \$95,280 as of December 31, 2019.

**Concentration of Credit Risk** - Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and investment balances. The Organization has established guidelines relative to diversification that seek to maintain safety and liquidity. Cash and cash equivalent and investment balances exceed federally insured amounts during the year. Investment securities, in general, are exposed to various risks, including interest rate, credit and overall market volatility. It is reasonably possible that changes in the values of investments will occur in the near term, and such changes could materially affect the amounts reported in the combined Statement of Financial Position.

Approximately 60% of the Organization's contribution and grant revenue was received from five donors for the year ended December 31, 2019. Approximately 64% of the Organization's contributions and grants receivable are due from four donors as of December 31, 2019.

**Contributions and Grants Receivable** - Contributions and grants receivable (unconditional promises to give) that are expected to be collected within one year are recorded at their 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 using risk-adjusted interest rates applicable to the years in which the promises are originally received.

**Accounts Receivable** - Accounts are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**Investments** - Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. The fair value of investments in securities traded on national securities exchanges is stated at the closing price on the last business day of the year. Money market accounts held in the investment portfolio are reported at cost plus accrued interest, which approximates fair value.

**Property and Equipment** - Property and equipment with estimated useful lives in excess of three years are capitalized at cost, or in the instance of donated properties, at fair value on the date of the gift. The Organization capitalizes property and equipment with costs greater than \$2,500. Depreciation is computed using the straight-line method over estimated useful lives ranging from three and ten years. All property and equipment were fully depreciated as of December 31, 2019.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 1 - Continued

**Grants Payable** - Grant expense is recognized in the period in which the grant is awarded, provided the grant is not subject to future conditions. Grants awarded but unpaid at year end are reported as grants payable in the combined statement of financial position. The Organization records a present value discount for all grants due more than one year from year end, unless the amount is immaterial. All grants payable are expected to be paid within one year as of December 31, 2019. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. There were no conditional grant commitments as of December 31, 2019.

**Deferred Revenue** - Deferred revenue consists primarily of sponsorships paid in advance of the related event.

**Functional Allocation of Expenses** - Expenses are charged to programs and supporting services on the basis of periodic time and expense studies and management estimates. General and administrative expenses include those that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Operating Activities** - The combined statement of activities includes a change in net assets from operations. Changes in net assets that are excluded from operating results consist of realized and unrealized gains and losses on investments, foreign currency exchange gains or losses, and sublease rental income.

**Foreign Currency Translation** - Substantially all assets and liabilities of the Organization that are denominated in foreign currencies are translated at year end exchange rates. Revenue and expenses are translated at the average monthly exchange rates during the year. Net foreign currency translation gains totaled approximately \$14,000 for the year ended December 31, 2019.

**Income Tax Status** - HIP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been reflected in the Organization's combined financial statements. HIP LatinoAmerica submits tax filings as required in Mexico.

**Use of Estimates** - The preparation of combined financial statements in conformity with U.S. GAAP 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recent Accounting Pronouncements** - During the year ended December 31, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The Organization has elected to adopt the changes from this ASU for contributions received prospectively beginning in 2019, and accordingly, no changes have been made to net asset balances as of December 31, 2018. The Organization applied this ASU to all existing grant agreements not completed as of January 1, 2019, and to all grants received in 2019, and as a result, approximately \$4,066,000 was recognized as revenue with donor restrictions in 2019 for grants that had previously been treated as conditional, including those reported as deferred revenue as of December 31, 2018. The Organization will adopt the changes from this ASU for grants awarded to other organizations prospectively in 2020.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 2 - Contributions and Grants Receivable

Contributions and grants receivable consist of the following as of December 31, 2019:

Receivable in less than one year	\$ 854,067
Receivable in one to five years	<u>234,530</u>
Total Contributions and Grants Receivable	<u><u>\$ 1,088,597</u></u>

A present value discount was immaterial as of December 31, 2019.

#### Note 3 - Investments

Investments consist of the following as of December 31, 2019:

	<u>Cost</u>	<u>Fair Value</u>
Money markets	\$ 1,440,331	\$ 1,440,331
U.S. large cap	699,373	908,009
U.S. mid cap	324,789	360,784
U.S. small cap	684,173	393,014
Emerging markets	91,375	112,033
International developed	182,199	206,502
U.S. treasury notes	1,727,372	1,853,943
Corporate bonds	2,932,509	2,845,333
International bonds	<u>321,868</u>	<u>332,403</u>
<b>Total Investments</b>	<u><u>\$ 8,403,989</u></u>	<u><u>\$ 8,452,352</u></u>

The return on investments and cash and cash equivalents is comprised of the following for the year ended December 31, 2019:

Interest and dividend income	\$ 191,890
Net realized gain on investments	28,435
Net unrealized gain on investments	370,245
Investment fees	<u>(30,602)</u>
<b>Return on Investments, Net</b>	<u><u>\$ 559,968</u></u>

Investment return is reported on the combined statement of activities as follows for the year ended December 31, 2019:

Investment income, net	\$ 161,288
Realized and unrealized gain on investments	<u>398,680</u>
<b>Return on Investments, Net</b>	<u><u>\$ 559,968</u></u>

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 4 - Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. These financial instruments were valued using a market approach.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Equity Securities - Valued at quoted market prices in active markets for identical assets.

Fixed Income Securities - Valued based on bid and ask data on active markets.

Money Markets - Valued at cost plus accrued interest, which approximates fair value.

**Fair Values Measured on a Recurring Basis** - Fair values of investments measured on a recurring basis are as follows as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities-				
U.S. large cap	\$ 908,009	\$ -	\$ -	\$ 908,009
U.S. mid cap	360,784			360,784
U.S. small cap	393,014			393,014
Emerging markets	112,033			112,033
International developed	206,502			206,502
Fixed income securities-				
U.S. treasury notes	1,853,943			1,853,943
Corporate bonds		2,845,333		2,845,333
International bonds		332,403		332,403
Money markets	<u>1,440,331</u>			<u>1,440,331</u>
<b>Total Investments at Fair Value</b>	<b><u>\$ 5,274,616</u></b>	<b><u>\$ 3,177,736</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,452,352</u></b>

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 5 - Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for various programs in the following locations as of December 31, 2019:

Latin America region	\$ 7,805,285
United States region	<u>1,857,718</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 9,663,003</u></b>

Net assets released from restrictions for ongoing programs were as follows during the year ended December 31, 2019:

Latin America region	\$ 3,641,845
United States region	<u>2,447,937</u>
<b>Total Net Assets Released from Restrictions</b>	<b><u>\$ 6,089,782</u></b>

#### Note 6 - Commitments and Contingencies

**Leases** - HIP leases office space in Oakland, California. The noncancelable lease includes escalating rent payments and expires on December 31, 2022. HIP has a one year lease in New York, New York that expires in February 2020 and was renewed for one additional year. HIP LatinoAmerica leases office space in Mexico City, Mexico. The noncancelable lease includes escalating rent payments and expires on February 1, 2021.

Future minimum lease payments for noncancelable leases are as follows:

For the Year Ending December 31,

2020	\$ 161,852
2021	122,847
2022	<u>119,245</u>
<b>Total</b>	<b><u>\$ 403,944</u></b>

Rent expense totaled \$201,000 for the year ended December 31, 2019.

HIP also entered into an agreement to sublease its prior office space. The lease term is for three years and expires on October 31, 2020. The sublease may be renewed for two years, and if renewed, rent will increase by 3%. Rental revenue totaled \$53,120 for the year ended December 31, 2019. Future rental receipts through the lease termination in 2020 will be approximately \$45,600.

**Contingencies** - In the ordinary course of conducting its business, the Organization may be subjected to loss contingencies arising from general business matters or lawsuits. Management believes that the outcome of such matters, if any, will not have a material impact on the Organization's financial position or results of future operations.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 7 - Post Retirement Benefits

HIP has a 401(k) savings plan for all eligible employees with at least three months of service during the plan year and employed by HIP as of the last day of the plan year. At its discretion, HIP may make a contribution, to be determined annually. Employer contributions to the plan totaled \$43,243 for the year ended December 31, 2019.

#### Note 8 - Liquidity and Availability of Financial Assets

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, various receivables, and investments. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures of providing program related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization strives to maintain liquid financial assets sufficient to cover 60 days of general expenditures. The Organization's financial assets for general expenditure available within one year of the combined statement of financial position date are as follows as of December 31, 2019:

Cash and cash equivalents	\$ 5,762,962
Contributions and grants receivable	1,088,597
Accounts receivable	27,919
Investments	<u>8,452,352</u>
	15,331,830
Less grants to be received in more than one year	(234,530)
Less donor restricted funds for programs	<u>(9,428,473)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 5,668,827</u></b>

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient program revenue to cover general expenditures not covered by grants or donor-restricted resources.

#### Note 9 - Subsequent Events

The Organization has evaluated subsequent events through November 9, 2020, the date on which the combined financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements, nor have any events occurred, the nature of which would require disclosure, except as follows:

In early 2020, a novel strain of coronavirus (COVID-19) became prevalent throughout the world. The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of multiple businesses. As a result, the Organization's facilities have been temporarily closed. Management continues to monitor events and conditions as they unfold and has established strategies to respond accordingly, and to minimize as far as possible the health risks to the Organization's staff. However, the financial impact to the Organization cannot be reasonably estimated at this time.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2019

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#### Note 9 - Continued

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act is the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 13, 2020, HIP obtained a loan under the PPP with a principal balance of \$354,815 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning in July 2021 and are payable over two years. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met.

**SUPPLEMENTARY INFORMATION**

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Financial Position  
December 31, 2019

	HIP	HIP LatinoAmerica	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 5,667,681	\$ 95,281	\$ -	\$ 5,762,962
Contributions and grants receivable	1,088,597			1,088,597
Accounts receivable	27,919			27,919
Prepaid expenses and deposits	181,673	4,156		185,829
Investments	8,452,352			8,452,352
<b>Total Assets</b>	<b>\$ 15,418,222</b>	<b>\$ 99,437</b>	<b>\$ -</b>	<b>\$ 15,517,659</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 174,349	\$ 6,984	\$ -	\$ 181,333
Accrued liabilities	71,869	21,810		93,679
Grants payable	256,094			256,094
Deferred revenue	28,000			28,000
<b>Total Liabilities</b>	<b>530,312</b>	<b>28,794</b>		<b>559,106</b>
<b>Net Assets:</b>				
Without donor restrictions	5,224,907	70,643		5,295,550
With donor restrictions	9,663,003			9,663,003
<b>Total Net Assets</b>	<b>14,887,910</b>	<b>70,643</b>		<b>14,958,553</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,418,222</b>	<b>\$ 99,437</b>	<b>\$ -</b>	<b>\$ 15,517,659</b>

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HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Activities  
For the Year Ended December 31, 2019

	HIP		LatinoAmerica		Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	HIP Total	Without Donor Restrictions		
<b>Operating Revenue:</b>						
Contributions and grants	\$ 58,973	\$ 14,101,202	\$ 14,160,175	\$ 1,062,904	\$ (1,060,750)	\$ 14,162,329
Events	430,596		430,596			430,596
Memberships	631,800		631,800			631,800
Investment income, net	161,288		161,288			161,288
Net assets released from restrictions	6,089,782	(6,089,782)				
<b>Total Operating Revenue</b>	<b>7,372,439</b>	<b>8,011,420</b>	<b>15,383,859</b>	<b>1,062,904</b>	<b>(1,060,750)</b>	<b>15,386,013</b>
<b>Operating Expenses:</b>						
Program services-						
Grants awarded	4,151,987		4,151,987		(1,060,750)	3,091,237
Other program	3,303,032		3,303,032	858,359		4,161,391
Supporting services-						
General and administrative	295,734		295,734	125,395		421,129
Fundraising and development	226,110		226,110	52,062		278,172
<b>Total Operating Expenses</b>	<b>7,976,863</b>		<b>7,976,863</b>	<b>1,035,816</b>	<b>(1,060,750)</b>	<b>7,951,929</b>
<b>Change in Net Assets From Operations</b>	<b>(604,424)</b>	<b>8,011,420</b>	<b>7,406,996</b>	<b>27,088</b>		<b>7,434,084</b>
<b>Nonoperating Activities:</b>						
Other revenue	73,753		73,753	15,278		89,031
Realized and unrealized gain on investments	398,680		398,680			398,680
<b>Change in Net Assets From Nonoperating Activities</b>	<b>472,433</b>		<b>472,433</b>	<b>15,278</b>		<b>487,711</b>
<b>Change in Net Assets</b>	<b>(131,991)</b>	<b>8,011,420</b>	<b>7,879,429</b>	<b>42,366</b>		<b>7,921,795</b>
Net assets, beginning of year	5,356,898	1,651,583	7,008,481	28,277		7,036,758
<b>Net Assets, End of Year</b>	<b>\$ 5,224,907</b>	<b>\$ 9,663,003</b>	<b>\$ 14,887,910</b>	<b>\$ 70,643</b>	<b>\$ -</b>	<b>\$ 14,958,553</b>

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