

**CASA LATINA**  
(A WASHINGTON NONPROFIT CORPORATION)  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2017 AND 2016

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Casa Latina

**Report on the Financial Statements**

We have audited the accompanying financial statements of Casa Latina (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Latina as of December 31, 2017 and 2016, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report June 5, 2018 on our consideration of Casa Latina'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 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 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 Casa Latina's internal control over financial reporting and compliance.

*Finney, Hill & Company, P.S.*

June 5, 2018  
Seattle, Washington

**CASA LATINA**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

<b>Assets</b>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 506,340	314,974
Grants receivable	137,384	161,120
Accounts receivable	3,579	300
Pledges receivable, current	108,835	193,812
Prepays and deposits	<u>15,943</u>	<u>5,517</u>
Total current assets	<u>772,081</u>	<u>675,723</u>
Property and equipment and other:		
Land	1,154,303	1,154,303
Building and improvements	3,776,712	3,502,505
Equipment	96,721	96,720
Software	120,619	120,619
Furniture and fixtures	46,289	46,289
Construction in progress	-	242,113
Less: accumulated depreciation and amortization	<u>(786,180)</u>	<u>(644,125)</u>
	<u>4,408,464</u>	<u>4,518,424</u>
Pledges, net of current portion	<u>100,000</u>	<u>5,500</u>
Total assets	<u>\$ 5,280,545</u>	<u>5,199,647</u>
 <b>Liabilities and Net Assets</b> 		
Current liabilities:		
Accounts payable	\$ 35,156	54,091
Payroll liabilities	72,786	70,890
Other current liabilities	37,147	29,176
Accrued interest	868	2,375
Notes payable, current portion	<u>63,362</u>	<u>21,223</u>
Total current liabilities	209,319	177,755
Long term liabilities:		
Notes payable, long-term, net	<u>480,270</u>	<u>651,405</u>
Total liabilities	<u>689,589</u>	<u>829,160</u>
Net assets:		
Unrestricted	3,705,669	3,484,075
Temporarily restricted	<u>885,287</u>	<u>886,412</u>
Total net assets	<u>4,590,956</u>	<u>4,370,487</u>
Total liabilities and net assets	<u>\$ 5,280,545</u>	<u>5,199,647</u>

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

**CASA LATINA**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Government grants	\$ 647,602	-	647,602
Foundation grants	234,671	200,000	434,671
Capital campaign revenue	68,825	-	68,825
Contributions	363,788	1,686	365,474
United Way	70,000	-	70,000
Event revenue, net of direct benefits of \$108,253	184,927	-	184,927
In-kind revenue	9,300	-	9,300
Rental income	44,704	-	44,704
Fees for service	75,583	-	75,583
Other income	2,330	-	2,330
Net assets released from restrictions	202,811	(202,811)	-
Total support and revenue	<u>1,904,541</u>	<u>(1,125)</u>	<u>1,903,416</u>
Expenses:			
Program	1,092,388	-	1,092,388
Management and general	304,481	-	304,481
Fundraising	286,078	-	286,078
Total expenses	<u>1,682,947</u>	<u>-</u>	<u>1,682,947</u>
Increase (decrease) in net assets	221,594	(1,125)	220,469
Net assets - beginning of year	<u>3,484,075</u>	<u>886,412</u>	<u>4,370,487</u>
Net assets - end of year	<u>\$ 3,705,669</u>	<u>885,287</u>	<u>4,590,956</u>

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

**CASA LATINA**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Support and revenue			
Government grants	\$ 669,163	-	669,163
Foundation grants	194,181	125,000	319,181
Capital campaign revenue	91,259	-	91,259
Contributions	261,273	31,537	292,810
United Way	70,000	-	70,000
Event revenue, net of direct benefits of \$76,385	91,280	-	91,280
In-kind revenue	8,325	-	8,325
Rental income	42,733	-	42,733
Fees for service	73,121	-	73,121
Other income	2,064	-	2,064
Net assets released from restrictions	121,641	(121,641)	-
Total support and revenue	<u>1,625,040</u>	<u>34,896</u>	<u>1,659,936</u>
 Expenses:			
Program	952,269	-	952,269
Management and general	269,784	-	269,784
Fundraising	267,834	-	267,834
Total expenses	<u>1,489,887</u>	<u>-</u>	<u>1,489,887</u>
Increase (decrease) in net assets	135,153	34,896	170,049
Net assets - beginning of year	<u>3,348,922</u>	<u>851,516</u>	<u>4,200,438</u>
Net assets - end of year	<u>\$ 3,484,075</u>	<u>886,412</u>	<u>4,370,487</u>

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

**CASA LATINA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2017

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 561,745	192,234	159,628	913,607
Employee benefits	66,638	20,938	16,952	104,528
Payroll taxes	47,641	16,303	13,538	77,482
External contractors	77,221	22,600	500	100,321
Services, in-kind	-	9,300	-	9,300
Occupancy	54,119	9,153	3,106	66,378
Supplies	27,579	2,331	7,295	37,205
Operations	20,224	3,230	17,960	41,414
Professional services	28,448	3,725	12,888	45,061
Event expenses, other than direct benefits	-	1,009	36,669	37,678
Travel	39,983	1,215	307	41,505
Insurance	14,939	1,956	889	17,784
Interest	18,289	2,395	1,089	21,773
Bad debt	-	60	-	60
Other operating costs	16,236	2,406	8,154	26,796
Depreciation and amortization	119,326	15,626	7,103	142,055
	<u>\$ 1,092,388</u>	<u>304,481</u>	<u>286,078</u>	<u>1,682,947</u>

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

**CASA LATINA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2016

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 501,015	176,234	151,997	829,246
Employee benefits	44,985	15,884	13,687	74,556
Payroll taxes	44,382	15,670	13,504	73,556
External contractors	63,182	2,860	-	66,042
Services, in-kind	2,825	-	5,500	8,325
Occupancy	44,935	5,884	2,675	53,494
Supplies	26,969	1,726	7,339	36,034
Operations	21,691	3,472	17,649	42,812
Professional services	20,409	9,119	10,775	40,303
Event expenses, other than direct benefits	500	668	24,517	25,685
Travel	21,538	2,171	246	23,955
Insurance	14,438	1,891	859	17,188
Interest	17,074	2,236	1,016	20,326
Bad debt	-	179	-	179
Other operating costs	11,153	16,446	11,095	38,694
Depreciation and amortization	117,173	15,344	6,975	139,492
	<u>\$ 952,269</u>	<u>269,784</u>	<u>267,834</u>	<u>1,489,887</u>

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

**CASA LATINA**  
**STATEMENTS OF CASH FLOWS**  
Increase (Decrease) in Cash and Cash Equivalents  
Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 220,469	170,049
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	143,092	140,529
(Increase) decrease in assets:		
Grants and pledges receivable	14,213	(147,352)
Accounts receivable	(3,279)	2,800
Prepays and deposits	(10,426)	1,009
Increase (decrease) in liabilities:		
Accounts payable	(18,935)	49,785
Other accrued liabilities	8,360	38,390
Net cash provided (used) by operating activities	<u>353,494</u>	<u>255,210</u>
Cash flows from investing activities:		
Purchase of land, building, and equipment	<u>(32,095)</u>	<u>(242,113)</u>
Net cash provided (used) by investing activities	<u>(32,095)</u>	<u>(242,113)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	-	150,000
Payments on long-term debt	<u>(130,033)</u>	<u>(64,753)</u>
Net cash provided (used) by financing activities	<u>(130,033)</u>	<u>85,247</u>
Net increase (decrease) in cash	191,366	98,344
Cash and cash equivalents at beginning of year	<u>314,974</u>	<u>216,630</u>
Cash and cash equivalents at end of year	<u>\$ 506,340</u>	<u>314,974</u>

**SUPPLEMENTAL DISCLOSURE OF CASHFLOW INFORMATION**

Cash paid for interest	<u>\$ 23,280</u>	<u>17,952</u>
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*The accompanying notes are an integral part of these financial statements.*

**CASA LATINA**  
Notes To Financial Statements  
Years Ended December 31, 2017 and 2016

**NOTE 1 – NATURE OF ORGANIZATION**

Casa Latina (the Organization) is a not-for-profit, 501(c)(3) organization formed in 1995. As a vibrant, immigrant worker rights organization, Casa Latina empowers low-wage Latino immigrants to move from economic insecurity to economic prosperity and to lift their voices to take action around public policy issues that affect them. Our vision is for the Latino community to participate fully in the economy and democracy of this country.

Casa Latina serves working age (18+) Latino immigrants, the majority of whom work as day laborers and domestic workers—the positions low wage Latino immigrants are most likely to fill after reaching the US. In 2017 and 2016, 61% and 65% of participants were men and 39% and 35% were women, respectively.

Casa Latina strives to provide culturally relevant programs that are applicable to the lived experiences of the Latino day laborers and domestic workers we serve. We use the popular education model of collective leadership to design programs that draw directly from our members' stories and needs. Our programs are built around three pillars: Employment, Education, and Community Organizing. Current programs include:

**Employment**

The Day Worker Center, Casa Latina's hiring hall, connects participants on a daily basis with day labor and domestic work at fair wages. These temporary jobs build a path to more stable employment and provide participants with the financial stability and client-base they need to earn a living and to prepare for their next steps—whether that's finding safe housing, starting full-time work, or building their own business.

**Education**

Casa Latina offers a variety of classes that help participants develop the skills they need to be more employable, which in turn helps them climb out of poverty.

- English as a Second Language: Free English classes, taught five days a week, help participants navigate everyday life and employment in the United States.
- Workplace Skills: Job skills trainings on topics including moving, gardening, and environmentally safe (“green”) cleaning give participants valuable skills to find and retain work.
- Workplace Safety: Safety trainings keep participants safe on the job and educate them on work place hazards, ergonomics, etc.

**Community Organizing**

Because Casa Latina believes that those most affected by racial and socioeconomic inequities are those most qualified to propose solutions, members organize and take leadership within Casa Latina and in the community at large.

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2017 and 2016

### NOTE 1 – NATURE OF ORGANIZATION, continued

#### Community Organizing, continued

For example:

- Every Friday evening, the women’s leadership group Mujeres Sin Fronteras (Women without Borders) meets and provides participants with the opportunity to gain leadership skills and build community. Topics of trainings and discussion include self-esteem building; civil rights; domestic violence; public speaking; women’s preventative health care; and household finances.
- Casa Latina’s worker defense committee educates workers on labor rights and supports victims of wage theft in recovering stolen wages.
- Casa Latina provides know your rights trainings and has created a community-wide plan for rapid response to actions by immigration enforcement. We will continue looking for ways to defend and empower our community in the face of increased anti-immigrant sentiments.

In addition to directly serving the Latino community in King County, Casa Latina has national impact as a model day worker center whose programs, curricula, and operations have been shared and implemented at worker centers throughout the country.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America

#### Financial statement presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Not-for-profit Entities*. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor-imposed restrictions. Accordingly, the net assets of the Organization have been reported as follows:

- *Unrestricted net assets* are those currently available at the discretion of the board for use in the activities of the Organization.
- *Temporarily restricted net assets* are those stipulated by donors for specific operating purposes.
- *Permanently restricted net assets* are in the form of endowment or sustaining funds in which only the income from such funds may be expended. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

Net assets of the temporarily and permanently restricted class are created only by donor-imposed restrictions on the use of funds. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

*These notes are an integral part of the financial statements.*

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2017 and 2016

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### Financial statement presentation, continued

Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity and change in net assets as net assets released from restriction.

#### Cash and cash equivalents

Cash consists of balances held in checking, money market and certificate of deposit accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

#### Accounts and grants receivable

The Organization's accounts receivable balances consist primarily of small miscellaneous receivables. Grants receivable balances consist primarily of unsecured receivables. Grant revenues are accrued once they have been earned in accordance with specific contractual terms. The Organization has deemed that all accounts are collectible, therefore no allowance has been provided.

#### Fixed assets and depreciation

Casa Latina capitalizes all expenditures for furniture and equipment in excess of \$1,000. In June 2016, the capitalization threshold was increased to capitalize expenditures in excess of \$3,000. Fixed assets are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, from 3 to 40 years. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful life. Depreciation expense of \$142,055 and \$139,492 was recognized in the years ended December 31, 2017 and 2016, respectively.

#### Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense.

#### Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*These notes are an integral part of the financial statements.*

# CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2017 and 2016

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### Impairment of long-lived assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the years ended December 31, 2017 and 2016.

### Donated services

The Organization receives donated services; primarily program services. Donated services are recorded at fair value if they create or enhance non-financial assets or if they consist of specialized skills that would have to be purchased if they were not donated. During 2017 and 2016, Casa Latina recognized \$9,300 and \$8,325, respectively, for such donated services. In addition, Casa Latina receives donated time from volunteers that does not meet the requirement above for recognition in the financial statements, but provides valuable service to the Organization. These services include community service, fundraising, and general office assistance. Casa Latina received more than 9,670 and 9,910 hours of such additional donated time in 2017 and 2016, respectively.

### Event revenue

The Organization records contribution revenue for a fundraising dinner. Expenses of the event comprising direct benefits to donors are netted against ticket revenue and reported as a separate line item in the statement of activity and change in net assets.

### Federal income tax status

The Organization is a nonprofit organization and is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Organization accounts for tax positions in accordance with the Recognition and Initial Measurement Sections of the FASB Accounting Standards Codification Topic 740, *Income Taxes*. With few exceptions, Casa Latina is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed Casa Latina's tax positions and determined there were no uncertain tax positions as of December 31, 2017 and 2016.

The Organization recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2017 and 2016, Casa Latina recognized no income tax related interest or penalties.

### Reclassifications

Certain balances in the prior year financial statements may have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the change in net assets.

*These notes are an integral part of the financial statements.*

# CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2017 and 2016

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### Use of estimates in preparation of financial statements

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 or liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Date of management's review

Subsequent events have been evaluated through June 5, 2018, which is the date the financial statements were available to be issued.

## NOTE 3 – PLEDGES

Pledges receivable consist of unconditional promises to give by individuals, foundations, and other supporters. All pledges are expected to be realized, therefore there is no allowance for uncollectible pledges. A discount has not been provided for pledges that are expected to be realized in a timeframe greater than one year since the amount is considered immaterial.

Pledges receivable at December 31, 2017 and 2016 are expected to be realized as follows:

	<u>2017</u>	<u>2016</u>
In less than one year	\$ 108,835	193,812
In one to five years	<u>100,000</u>	<u>5,500</u>
	<u>\$ 208,835</u>	<u>199,312</u>

## NOTE 4 – DEVELOPMENT AND CONSTRUCTION IN PROGRESS

On March 16, 2007, Casa Latina purchased property in Seattle, Washington for development of three buildings to house the Organization's programs and offices. The Organization has incurred debt related to the purchase and development. Casa Latina completed Phase I of the project and occupied the administrative and workers' center buildings in March 2009. During 2010 the Organization started, and in 2013 completed, work on Phase II of the project, which consisted of construction of a third building. An elevator construction and building improvement project was started during 2016 and was completed and placed into service as of December 31, 2017.

## NOTE 5 – LINE-OF-CREDIT

On August 16, 2017, the Organization signed an agreement for a line of credit with Heritage Bank for a total of \$50,000. The agreement stipulates an interest rate based on outstanding balances, at 1.5 percent over the lender's prime rate; minimum 4.5 percent, payable monthly. No balance was outstanding at December 31, 2017 and 2016. The line-of-credit matures on August 15, 2018.

*These notes are an integral part of the financial statements.*

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2017 and 2016

### NOTE 6 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2017	2016
Loan payable to Plymouth Congregational Church; quarterly payments of interest only at 2%; secured by a deed of trust on property in Seattle, Washington; all remaining principal and interest due December 31, 2018.	\$ 40,000	150,000
Loan payable to City of Seattle; no interest and loan forgiven at maturity on December 31, 2027, provided Casa Latina satisfies all compliance obligations of loan agreement; secured by a deed of trust on property in King County, WA; total loan available is \$200,000	200,000	200,000
Loan payable to Pacific Continental Bank; principal and interest payments monthly starting April 1, 2014; all remaining principal and interest due March 1, 2024; total available credit of \$400,000; borrower is not entitled to further advances under this loan after March 1, 2014; secured by a deed of trust on property in Seattle, Washington	308,016	328,049
	548,016	678,049
Less: debt issuance costs, net of amortization	(4,384)	(5,421)
Notes payable, net	\$ 543,632	672,628

Future payments required on loans and notes payable for the years ending December 31, are as follows:

Years ending	Principal Payments
2018	\$ 63,362
2019	24,511
2020	25,716
2021	26,981
2022	28,308
Thereafter	379,138
Total	\$ 548,016

*These notes are an integral part of the financial statements.*

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2017 and 2016

### NOTE 7 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets of \$885,287 and \$886,412 at December 31, 2017 and 2016, respectively, are restricted for use, including an easement on property owned by the Organization. The easement agreement, with the City of Seattle, requires certain uses of the property for a period of five years. In addition, a grant of \$316,875 from the Department of Commerce is restricted to a specific use through 2022. Under the terms of the forgivable grant agreement, violation of the use restriction will result in immediate repayment of the funds with a 5% annual penalty.

Net assets restricted for use are as follows:

	<u>2017</u>	<u>2016</u>
Program	<u>\$ 885,287</u>	<u>886,412</u>
	<u>\$ 885,287</u>	<u>886,412</u>

### NOTE 8 – CONCENTRATIONS, CONTINGENCIES AND COMMITMENTS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of deposits in excess of federally insured limits and receivables. The Organization periodically has cash deposits and certificates of deposit which are in excess of federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on these accounts.

Amounts received from grantor agencies are subject to audit and adjustments by the grantor agency. Any disallowed costs, including amounts already collected, may constitute a liability for the Organization. The amounts, if any, of expenditures, which may be disallowed by the grantor, are recorded at the time that such amounts can be reasonably determined, normally upon notification by the government agency.

For the years ended December 31, 2017 and 2016, three funders provided 47% and 48% of the Organization's revenue, respectively. As of December 31, 2017 and 2016, one donor's pledge comprises \$200,000 or 96% and one donor's pledge comprises \$125,000 or 63% of the total pledges receivable, respectively.

### NOTE 9 – PENSION PLAN

Casa Latina has a qualified defined contribution pension plan under Internal Revenue Code section 403(b). The Organization's contributions to the plan totaled \$17,455 and \$7,863 for the years ended December 31, 2017 and 2016, respectively.

*These notes are an integral part of the financial statements.*

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Board of Directors  
Casa Latina  
Seattle, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa Latina (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Latina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casa Latina's internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Latina's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards*, continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa Latina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Finney, Hill & Company, P.S.*

June 5, 2018  
Seattle, Washington

**CASA LATINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended December 31, 2017

**NONE**

**CASA LATINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**NONE**