

**CASA LATINA**  
(A WASHINGTON NONPROFIT CORPORATION)  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2019 AND 2018

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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, 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.

***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, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2020 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, Neill & Company, P.S.*

August 19, 2020  
Seattle, Washington

**CASA LATINA**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019 and 2018

<b>Assets</b>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 844,329	766,318
Grants receivable	176,032	97,242
Accounts receivable	5,675	5,735
Pledges receivable, current	54,840	161,281
Cash held for other organizations	17,238	26,098
Workers' funds	7,884	7,634
Prepays and deposits	<u>23,398</u>	<u>5,336</u>
Total current assets	<u>1,129,396</u>	<u>1,069,644</u>
Property, equipment, and other:		
Land	1,154,303	1,154,303
Building and improvements	3,776,712	3,776,712
Equipment	113,047	96,720
Software	120,619	120,619
Furniture and fixtures	46,289	46,289
Less: accumulated depreciation and amortization	<u>(981,055)</u>	<u>(884,387)</u>
	<u>4,229,915</u>	<u>4,310,256</u>
Pledges receivable, net of current portion	<u>125</u>	<u>50,425</u>
Total assets	<u>\$ 5,359,436</u>	<u>5,430,325</u>
 <b>Liabilities and Net Assets</b> 		
Current liabilities:		
Accounts payable	\$ 66,319	26,433
Payroll liabilities	100,948	90,274
Deferred revenues	98,003	73,967
Funds held for other organizations	17,238	25,852
Other current liabilities	21,011	17,396
Accrued interest	-	994
Notes payable, current portion	<u>23,620</u>	<u>36,311</u>
Total current liabilities	327,139	271,227
Long term liabilities:		
Notes payable, long-term, net	<u>432,057</u>	<u>456,757</u>
Total liabilities	<u>759,196</u>	<u>727,984</u>
Net assets:		
Without donor restrictions	4,028,400	3,823,760
With donor restrictions	<u>571,840</u>	<u>878,581</u>
Total net assets	<u>4,600,240</u>	<u>4,702,341</u>
Total liabilities and net assets	<u>\$ 5,359,436</u>	<u>5,430,325</u>

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

**CASA LATINA**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Government grants	\$ 897,274	-	897,274
Foundation grants	265,735	-	265,735
Contributions	269,358	4,541	273,899
United Way	125,417	-	125,417
Event revenue, net of direct benefits of \$96,765	148,549	-	148,549
In-kind revenue	34,300	-	34,300
Rental income	38,870	-	38,870
Fees for service	100,350	-	100,350
Other income	2,665	-	2,665
Net assets released from restrictions	311,282	(311,282)	-
Total support and revenue	2,193,800	(306,741)	1,887,059
Expenses:			
Program	1,492,276	-	1,492,276
Management and general	243,511	-	243,511
Fundraising	253,373	-	253,373
Total expenses	1,989,160	-	1,989,160
Increase (decrease) in net assets	204,640	(306,741)	(102,101)
Net assets - beginning of year	3,823,760	878,581	4,702,341
Net assets - end of year	\$ 4,028,400	571,840	4,600,240

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

**CASA LATINA**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Government grants	\$ 775,187	-	775,187
Foundation grants	254,417	111,081	365,498
Contributions	374,795	-	374,795
United Way	97,500	-	97,500
Event revenue, net of direct benefits of \$80,034	108,141	-	108,141
In-kind revenue	29,900	-	29,900
Rental income	46,750	-	46,750
Fees for service	86,826	-	86,826
Other income	2,078	-	2,078
Net assets released from restrictions	117,787	(117,787)	-
Total support and revenue	1,893,381	(6,706)	1,886,675
Expenses:			
Program	1,304,659	-	1,304,659
Management and general	252,154	-	252,154
Fundraising	218,477	-	218,477
Total expenses	1,775,290	-	1,775,290
Increase (decrease) in net assets	118,091	(6,706)	111,385
Net assets - beginning of year	3,705,669	885,287	4,590,956
Net assets - end of year	\$ 3,823,760	878,581	4,702,341

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

**CASA LATINA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2019

	Program	Management and General	Fundraising	Total
Payroll and related costs	\$ 1,082,898	142,587	166,433	1,391,918
External contractors	90,142	2,202	22,162	114,506
Services, in-kind	31,800	-	2,500	34,300
Occupancy	60,905	7,976	3,625	72,506
Supplies	37,285	11,011	4,854	53,150
Operations	37,819	4,952	2,251	45,022
Professional services	-	45,044	16,140	61,184
Event expenses	640	3,984	105,078	109,702
Travel	23,047	1,281	40	24,368
Insurance	15,740	2,061	937	18,738
Interest	12,192	1,597	726	14,515
Bad debt	-	200	-	200
Other operating costs	18,607	9,983	20,559	49,149
Depreciation	81,201	10,633	4,833	96,667
Total expenses	1,492,276	243,511	350,138	2,085,925
Less: Direct benefits to donors	-	-	(96,765)	(96,765)
Total expenses on Statement of Activities	<u>\$ 1,492,276</u>	<u>243,511</u>	<u>253,373</u>	<u>1,989,160</u>

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



**CASA LATINA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2018

	Program	Management and General	Fundraising	Total
Payroll and related costs	\$ 884,137	188,958	141,206	1,214,301
External contractors	92,151	200	20,000	112,351
Services, in-kind	29,900	-	-	29,900
Occupancy	39,401	4,931	2,385	46,717
Supplies	38,865	3,257	4,875	46,997
Operations	42,535	5,570	2,532	50,637
Professional services	17,055	20,105	15,374	52,534
Event expenses	330	4,884	98,644	103,858
Travel	31,692	1,067	271	33,030
Insurance	15,692	2,055	934	18,681
Interest	13,630	1,785	811	16,226
Bad debt	-	2,144	-	2,144
Other operating costs	16,777	6,395	6,569	29,741
Depreciation	<u>82,494</u>	<u>10,803</u>	<u>4,910</u>	<u>98,207</u>
Total expenses	1,304,659	252,154	298,511	1,855,324
Less: Direct benefits to donors	<u>-</u>	<u>-</u>	<u>(80,034)</u>	<u>(80,034)</u>
Total expenses on Statement of Activities	<u>\$ 1,304,659</u>	<u>252,154</u>	<u>218,477</u>	<u>1,775,290</u>

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

**CASA LATINA**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (102,101)	111,385
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	97,704	99,244
(Increase) decrease in assets:		
Grants and pledges receivable	77,951	37,272
Accounts receivable	60	(2,156)
Prepays and deposits	(18,062)	10,607
Increase (decrease) in liabilities:		
Accounts payable	39,886	(18,676)
Other accrued liabilities	28,717	107,635
Net cash provided (used) by operating activities	124,155	345,311
Cash flows from investing activities:		
Purchase of land, building, and equipment	(16,326)	-
Net cash provided (used) by investing activities	(16,326)	-
Cash flows from financing activities:		
Payments on long-term debt	(38,428)	(51,601)
Net cash provided (used) by financing activities	(38,428)	(51,601)
Net increase (decrease) in cash, cash equivalents, and restricted cash	69,401	293,710
Cash, cash equivalents, and restricted cash at beginning of year	800,050	506,340
Cash, cash equivalents, and restricted cash at end of year	\$ 869,451	800,050
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 844,329	766,318
Cash held for other organizations	17,238	26,098
Workers' funds	7,884	7,634
Total cash, cash equivalents, and restricted cash on statement of cash flows:	\$ 869,451	800,050
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 14,471	15,063

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

**CASA LATINA**  
Notes To Financial Statements  
Years Ended December 31, 2019 and 2018

**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 2019 and 2018, 76% and 72% of participants were men, 23% and 24% were women, and 1% and 4% were LGBTQ, 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. 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

Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

### NOTE 1 – NATURE OF ORGANIZATION, continued

#### Community Organizing, continued

- 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:

- *Net assets without donor restrictions* are those currently available at the discretion of the Board for use in the activities of the Organization.
- *Net assets with donor restrictions* are those restricted by donors to be used for certain purposes or in future periods, and consisted of \$571,840 and \$878,581 as of December 31, 2019 and 2018, respectively.

Net assets with donor restrictions 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 net assets without donor restrictions class.

Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activity and change in net assets as net assets released from restriction.

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

# CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

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

### 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.

### Restricted Cash

Restricted cash balances consist of cash held for other organizations for which Casa Latina is the fiscal sponsor, as well as cash held for the worker members of Casa Latina.

### Receivables

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. Pledges receivable are unconditional promises to give that are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. The Organization has deemed that all accounts, grants, and pledges receivable are collectible, therefore no allowance has been provided.

### Funds held for other organizations

The Organization has entered into agreements with two Organizations to act as their fiscal sponsor. As of December 31, 2019 and 2018, Casa Latina reported \$17,238 and \$26,098 in cash restricted to use for other organizations, and a liability for these funds held of \$17,238 and \$25,852, respectively.

### Fixed assets and depreciation

Casa Latina capitalizes all expenditures for furniture and equipment 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 \$96,667 and \$98,207 was recognized in the years ended December 31, 2019 and 2018, 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.

# CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

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

### 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. Salaries and related expenses and certain other overhead expenses are allocated based upon a study of time and effort. Occupancy, supplies, and other operating costs are allocated based upon a study of the allocation of square footage of the Organization's property.

### 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, 2019 and 2018.

### Revenue and Revenue Recognition

The Organization recognizes revenue from classes and events for workers at the time the class or event takes place. Workers' transportation fees are recognized at the time transport is provided. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. 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 Activities.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Consequently, at December 31, 2019, contributions approximating \$86,244 have not been recognized in the accompanying Statement of Activities because the conditions on which they depend have not yet been met.

### Restricted Support

The Organization has adopted the FASB Accounting Standards Codification Topic 958, *Not-for-profit Entities*. In accordance with this Topic, contributions received are recorded without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions. When a donor 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.

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

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

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

#### 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 2019 and 2018, Casa Latina recognized \$34,300 and \$29,900, 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 9,642 and 9,301 hours of such additional donated time in 2019 and 2018, respectively.

#### 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, 2019 and 2018.

The Organization recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2019 and 2018, 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.

#### 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.

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

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

#### New Accounting Pronouncements

Casa Latina adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for revenue transactions. 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. As a result, the ASU enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. There was no effect of adopting the new accounting principles on contributions in 2019.

In May 2014, the FASB issued ASU 2016-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2016-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis which resulted in no change to revenue previously reported, and also had no effect on the revenue reported for the year ended December 31, 2019.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. The update clarifies the presentation of restricted cash in the statement of cash flows. A key change required by ASU 2016-18 is that restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. As a result, transfers between cash and restricted cash are not presented as a separate line item in the operating, investing, or financing sections of the cash flow statement. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

#### Date of management's review

Subsequent events have been evaluated through August 19, 2020, which is the date the financial statements were available to be issued.



**CASA LATINA**  
Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

**NOTE 3 – LIQUIDITY**

The following represents the availability of Casa Latina’s financial assets at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 844,329	766,318
Accounts and grants receivable	181,707	102,977
Pledges receivable	54,965	211,706
Cash held for others, including workers' funds	<u>25,122</u>	<u>33,732</u>
Total	<u>1,106,123</u>	<u>1,114,733</u>
Less amounts not available for general expenditures within one year:		
Liquid net assets with donor restrictions	(54,965)	(211,706)
Add back: Amounts available for general expenditure in following year:	54,840	161,281
Board designated operating reserves	(340,828)	-
Contractual or donor imposed restrictions on cash	(88,833)	(60,507)
Cash held for others, including workers' funds	<u>(25,122)</u>	<u>(33,732)</u>
Financial assets available for general expenditures within one year:	<u>\$ 651,215</u>	<u>970,069</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has financial assets available for general expenditures in the next year of \$651,215 at December 31, 2019. The Organization’s board of directors has designated a portion of its unrestricted resources for operating reserves. Those amounts are identified as board-designated in the table above. These funds remain available and may be spent at the discretion of the board.

Additionally, to help manage unanticipated liquidity needs, the Organization has a committed line of credit with a related party in the amount of \$50,000, which it could draw upon.

**NOTE 4 – 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, 2019 and 2018 are expected to be realized as follows:

	<u>2019</u>	<u>2018</u>
In less than one year	\$ 54,840	161,281
In one to five years	<u>125</u>	<u>50,425</u>
	<u>\$ 54,965</u>	<u>211,706</u>

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

**CASA LATINA**  
Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

**NOTE 5 – LONG-TERM DEBT**

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

	2019	2018
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, 2019.	\$ -	11,800
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; interest rate of 4.81%; principal and interest payments monthly starting April 1, 2014; all remaining principal and interest due March 1, 2024. Secured by a deed of trust on property in Seattle, Washington.	<u>257,987</u>	<u>284,615</u>
	457,987	496,415
Less: debt issuance costs, net of amortization	<u>(2,310)</u>	<u>(3,347)</u>
Notes payable, net	<u>\$ 455,677</u>	<u>493,068</u>

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

<u>Years ending</u>	<u>Principal Payments</u>
2020	\$ 23,620
2021	26,981
2022	28,308
2023	29,700
2024	149,378
Thereafter	<u>200,000</u>
Total	<u>\$ 457,987</u>

**NOTE 6 – LINE-OF-CREDIT**

On July 25, 2018, the Organization signed an agreement for a line of credit with Heritage Bank, the employer of one of Casa Latina’s board members, for a total of \$50,000. The agreement stipulates an interest rate based on outstanding balances, at 1.0 percent over the Wall Street Journal Prime Rate; minimum 6.25 percent, payable monthly. No balance was outstanding at December 31, 2019 and 2018. The line-of-credit matures on August 15, 2020.

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

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

### NOTE 7 – NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS

During 2019, the Board of Directors established an operating reserve with the objective of setting aside funds to be drawn upon the event of financial distress or an immediate liquidity need.

Net assets without donor restrictions are as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 3,687,572	3,823,760
Board designated - operating reserves	<u>340,828</u>	<u>-</u>
	<u>\$ 4,028,400</u>	<u>3,823,760</u>

Net assets with donor restrictions of \$571,840 and \$878,581 at December 31, 2019 and 2018, respectively, are restricted subject to the passage of time, including an easement on property owned by the Organization. A grant of \$316,875 from the Washington State Department of Commerce contains restrictions on underlying assets 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. In addition, the Organization is subject to a fifteen-year compliance period under the terms of a grant received from King County in 2012 for the construction of their building.

Net assets with donor restrictions are as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Subject to the passage of time:		
Pledged future donations	\$ 54,965	211,706
Restrictions on land and property use	<u>516,875</u>	<u>666,875</u>
	<u>\$ 571,840</u>	<u>878,581</u>

### NOTE 8 – CONCENTRATIONS, CONTINGENCIES AND COMMITMENTS

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, 2019 and 2018, three grantors provided 43% and 40% of the Organization's total revenue and support, respectively. As of December 31, 2019 and 2018, one donor's pledge comprised \$50,000 or 91% and two donors' pledges comprised \$200,000 or 95% of the total pledges receivable, respectively.

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

## CASA LATINA

Notes To Financial Statements, continued  
Years Ended December 31, 2019 and 2018

### 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 \$26,582 and \$29,831 for the years ended December 31, 2019 and 2018, respectively.

### NOTE 10 – LABOR UNION

In December 2018, the employees of the Organization formed a union under the Office and Professional Employees International Union (OPEIU). Contract negotiations began during 2019 and have not yet concluded. It is not possible to estimate at this time the additional financial commitments, if any, that may result from these discussions.

### NOTE 11 – SUBSEQUENT EVENTS

In July 2020, the Organization received notice from the City of Seattle Office of Labor Standards that complaints filed by former employees during 2019 had been investigated, and it was determined that Casa Latina was liable for additional wages, damages, and penalties totaling \$8,278 which was accrued and included in other current liabilities as of December 31, 2019. The matter was in regard to hourly employees volunteering for Casa Latina.

On March 11, 2020, the World Health Organization characterized an outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. In response to the pandemic, the Organization suspended some activities and moved others to teleconference and remote work only. Changes to the operating environment may increase operating cost and change revenue sources. Additional impacts may include other than temporary impairment of receivables and the cancellation of fundraising events. The future effects of these issues are unknown.

In April 2020, the Organization applied for and was awarded approximately \$294,000 in the form of a Small Business Administration loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1% and matures in April 2022. The Organization is eligible for loan forgiveness of up to 100% of the loan amount upon meeting certain requirements. The loan is uncollateralized and fully guaranteed by the federal government.

**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, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2020.

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.*

August 19, 2020  
Seattle, Washington

**CASA LATINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended December 31, 2019

**NONE**

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

**NONE**