

**CASA LATINA**  
(A WASHINGTON NONPROFIT CORPORATION)  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Casa Latina

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Casa Latina (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Casa Latina as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Casa Latina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Casa Latina's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## INDEPENDENT AUDITORS' REPORT, continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Casa Latina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Casa Latina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Casa Latina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa Latina's internal control over financial reporting and compliance.

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

September 24, 2024  
Seattle, Washington

**CASA LATINA**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2023 and 2022

<b>Assets</b>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 1,465,561	1,147,251
Investments	-	75,600
Grants receivable	202,300	271,936
Accounts receivable	3,000	4,480
Pledges receivable, current	285,641	265,461
Cash held for other organizations	17,238	17,238
Workers' funds	18,516	10,312
Prepays and deposits	<u>35,574</u>	<u>24,393</u>
Total current assets	<u>2,027,830</u>	<u>1,816,671</u>
Property and equipment:		
Land	1,154,303	1,154,303
Building and improvements	3,884,358	3,782,928
Equipment	113,047	113,047
Software	134,338	134,338
Furniture and fixtures	46,289	46,289
Vehicles	46,198	-
Less: accumulated depreciation and amortization	<u>(1,384,934)</u>	<u>(1,281,263)</u>
Total property and equipment, net	3,993,599	3,949,642
Right-of-use lease asset	23,868	58,629
Pledges receivable, net of current portion	<u>139,665</u>	<u>173,325</u>
Total assets	<u>\$ 6,184,962</u>	<u>5,998,267</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 62,052	105,325
Payroll liabilities	136,760	135,049
Deferred revenues	220,317	12,450
Funds held for other organizations	17,238	17,238
Other current liabilities	127,190	101,455
Lease liability, current portion	23,868	34,760
Notes payable, current portion	<u>12,544</u>	<u>12,141</u>
Total current liabilities	599,969	418,418
Long term liabilities:		
Lease liability, net of current portion	-	23,869
Notes payable, long-term, net of current portion	<u>603,600</u>	<u>616,128</u>
Total liabilities	<u>1,203,569</u>	<u>1,058,415</u>
Net assets:		
Without donor restrictions	4,201,306	3,932,991
With donor restrictions	<u>780,087</u>	<u>1,006,861</u>
Total net assets	<u>4,981,393</u>	<u>4,939,852</u>
Total liabilities and net assets	<u>\$ 6,184,962</u>	<u>5,998,267</u>

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

**CASA LATINA**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Support and revenue:			
Government grants	\$ 942,557	-	942,557
Foundation grants	1,054,051	521,852	1,575,903
Contributions	223,802	-	223,802
Event revenue	74,882	-	74,882
In-kind revenue	44,665	-	44,665
Rental income	20,990	-	20,990
Fees for service	113,313	-	113,313
Other income (loss)	34,397	-	34,397
Net assets released from restrictions	748,626	(748,626)	-
Total support and revenue	3,257,283	(226,774)	3,030,509
Expenses:			
Program	2,031,297	-	2,031,297
Management and general	573,242	-	573,242
Fundraising	384,429	-	384,429
Total expenses	2,988,968	-	2,988,968
Increase (decrease) in net assets	268,315	(226,774)	41,541
Net assets - beginning of year	3,932,991	1,006,861	4,939,852
Net assets - end of year	\$ 4,201,306	780,087	4,981,393

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

**CASA LATINA**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and revenue:			
Government grants	\$ 804,124	-	804,124
Foundation grants	1,033,763	133,518	1,167,281
Contributions	277,500		277,500
Event revenue	138,621	-	138,621
In-kind revenue	32,390	-	32,390
Rental income	23,670	-	23,670
Fees for service	91,826	-	91,826
Other income	(21,712)	-	(21,712)
Net assets released from restrictions	313,578	(313,578)	-
Total support and revenue	2,693,760	(180,060)	2,513,700
Expenses:			
Program	1,871,258	-	1,871,258
Management and general	616,660	-	616,660
Fundraising	525,236	-	525,236
Total expenses	3,013,154	-	3,013,154
Increase (decrease) in net assets	(319,394)	(180,060)	(499,454)
Net assets - beginning of year	4,252,385	1,186,921	5,439,306
Net assets - end of year	\$ 3,932,991	1,006,861	4,939,852

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

**CASA LATINA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2023

	Program	Management and General	Fundraising	Total
Payroll and related costs	\$ 1,266,290	356,509	147,145	1,769,944
External contractors	114,283	10,946	34,201	159,430
Services, in-kind	29,600	-	15,065	44,665
Occupancy	143,334	5,893	3,841	153,068
Supplies	35,941	363	23,686	59,990
Technology, printing, and postage	45,436	1,869	8,493	55,798
Professional services	260,501	75,610	108,056	444,167
Event expenses	3,421	3,198	8,398	15,017
Travel	29,034	-	-	29,034
Insurance	59,810	5,270	3,720	68,800
Interest	12,730	1,472	1,040	15,242
Bad debt expense (recovery)	-	3,080	-	3,080
Other operating costs	30,917	5,361	30,784	67,062
Depreciation	-	103,671	-	103,671
Total expenses	<u>\$ 2,031,297</u>	<u>573,242</u>	<u>384,429</u>	<u>2,988,968</u>

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

**CASA LATINA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2022

	Program	Management and General	Fundraising	Total
Payroll and related costs, as restated	\$ 1,341,767	165,659	293,890	1,801,316
External contractors	103,597	30,042	58,049	191,688
Services, in-kind	30,600	-	1,790	32,390
Occupancy	93,141	4,769	3,099	101,009
Supplies	89,729	1,784	8,129	99,642
Technology, printing, and postage	34,875	2,390	13,771	51,036
Professional services	76,489	298,989	55,400	430,878
Event expenses	9,339	1,637	69,008	79,984
Travel	24,504	1,018	227	25,749
Insurance	39,998	4,628	3,267	47,893
Interest	13,066	1,512	1,067	15,645
Bad debt expense (recovery)	-	-	(10,000)	(10,000)
Other operating costs	14,153	3,501	27,539	45,193
Depreciation	-	100,731	-	100,731
Total expenses	<u>\$ 1,871,258</u>	<u>616,660</u>	<u>525,236</u>	<u>3,013,154</u>

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

**CASA LATINA**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 41,541	(499,454)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	103,671	100,731
Realized and unrealized loss (gain) on investments	(17,217)	20,638
(Increase) decrease in assets:		
Grants and pledges receivable	83,116	111,395
Accounts receivable	1,480	14,510
Prepays and deposits	(11,181)	5,443
Increase (decrease) in liabilities:		
Accounts payable	(43,273)	12,214
Other accrued liabilities	235,313	(81,198)
Net cash provided (used) by operating activities	393,450	(315,721)
Cash flows from investing activities:		
Purchases of fixed assets	(147,628)	-
Sales (donations) in the form of equity securities	92,817	(96,238)
Net cash provided (used) by investing activities	(54,811)	(96,238)
Cash flows from financing activities:		
Payments on long-term debt	(12,125)	(11,722)
Net cash provided (used) by financing activities	(12,125)	(11,722)
Net increase (decrease) in cash, cash equivalents, and restricted cash	326,514	(423,681)
Cash, cash equivalents, and restricted cash at beginning of year	1,174,801	1,598,482
Cash, cash equivalents, and restricted cash at end of year	\$ 1,501,315	1,174,801
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>		
Cash and cash equivalents	\$ 1,465,561	1,147,251
Cash held for other organizations	17,238	17,238
Workers' funds	18,516	10,312
Total cash, cash equivalents, and restricted cash on statement of cash flows	\$ 1,501,315	1,174,801
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 15,242	15,645

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended December 31, 2023 and 2022

**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 2023 and 2022, 71% and 67% of participants identify as men, 27% and 32% of participants identify as women, and 6% and 4% of participants identify as 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 workplace 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’s worker defense committee educates workers on labor rights and supports victims of wage theft in recovering stolen wages.

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION, continued

- 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 \$780,087 and \$1,006,861 as of December 31, 2023 and 2022, 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.

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.

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Investments

Investments are composed of equity securities and are carried at fair value. It is generally the Organization's policy to sell equity securities received from donors within thirty days of receipt and to convert the balance to cash and cash equivalents.

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.

Based on management's assessment of the nature of the accounts and pledges receivable and the Organization's historical collection data, the Organization has established their allowance for uncollectible pledges at December 31, 2023 and 2022 at \$20,000 and \$20,000, respectively. For the long-term pledges receivable, management has recorded a present value discount of \$20,335 and \$23,532 as of December 31, 2023 and 2022, respectively, calculated using a discount rate of 3.55%, which is the estimated incremental borrowing rate for the Organization.

Funds held for other organizations

The Organization has entered into agreements with two Organizations to act as their fiscal sponsor. As of December 31, 2023 and 2022, Casa Latina reported \$17,238 and \$17,238 in cash restricted to use for other organizations, and a liability for these funds held of \$17,238 and \$17,238, 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 \$103,671 and \$100,731 was recognized in the years ended December 31, 2023 and 2022, 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. 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.

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

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, 2023 and 2022.

Leases

The Organization leases office and storage space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) lease assets, other current liabilities, and lease liabilities on the Organization's statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to apply the short-term lease exemption to all classes of underlying assets

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. Conditional contributions whose conditions are met in the same reporting period as the period in which the contribution was received are recorded as unconditional contributions.

Consequently, at December 31, 2023 and 2022, contributions approximating \$651,053 and \$834,079, respectively, had not been recognized in the accompanying statements of activities because the conditions on which they depend had not yet been met. In order to earn these funds in future periods, the Organization will need to provide specified trainings and develop training curricula, prepare specific policy change proposals and advocacy work, and obtain matching funds for a site director position.

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Donated Services

The Organization receives donated services primarily in the form of 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 2023 and 2022, Casa Latina recognized \$44,665 and \$32,390, respectively, for donated services related to professional trainings and consultations. These were valued based upon the estimated cost to obtain similar professional consultations in the marketplace.

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 3,115 and 3,610 hours of such additional donated time in 2023 and 2022, 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, 2023 and 2022.

The Organization recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2023 and 2022, Casa Latina recognized no income tax related interest or penalties.

Advertising costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$4,014 and \$6,547, respectively.

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

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.

Adoption of New Accounting Pronouncements

On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaces the incurred loss methodology with an expected loss methodology by introducing the Current Expected Credit Loss (CECL) model, which requires entities to measure credit losses based on historical experience, current conditions, and reasonable and supportable forecasts. The Organization adopted ASC 326 prospectively, resulting in no cumulative adjustment to retained earnings. The Organization has not restated comparative information for 2022 and, therefore, the comparative information for 2022 is reported under the old model and is not comparable to the information presented for 2023.

Date of management’s review

Subsequent events have been evaluated through September 24, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,465,561	1,147,251
Investments	-	75,600
Accounts and grants receivable	205,300	276,416
Pledges receivable	425,306	438,786
Cash held for others, including workers' funds	35,754	27,550
Total	<u>2,131,921</u>	<u>1,965,603</u>
Less amounts not available for general expenditures within one year:		
Liquid net assets with donor restrictions	(580,087)	(489,986)
Add back: Amounts available for general expenditure in following year	265,641	282,318
Board designated operating reserves	(100,000)	(100,000)
Board designated repair and maintenance reserves	(208,462)	(208,462)
Contractual or donor imposed restrictions on cash	(220,908)	(13,041)
Cash held for others, including workers' funds	(35,754)	(27,550)
Financial assets available for general expenditures within one year	<u>\$ 1,252,351</u>	<u>1,408,882</u>

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

NOTE 3 – LIQUIDITY, continued

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 approximately \$1.3 million at December 31, 2023. The Organization’s board of directors has designated a portion of its unrestricted resources for operating and maintenance 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 Heritage Bank in the amount of \$50,000, which it could draw upon.

NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this topic are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- a. Quoted prices for similar assets or liabilities in active markets,
  - b. Quoted prices for identical or similar assets or liabilities in inactive markets,
  - c. Inputs other than quoted prices that are observable for the asset or liability,
  - d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

Investments in equity securities: Valued using Level 1 inputs in the fair value hierarchy based on quoted market prices in active markets.

**CASA LATINA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
Years ended December 31, 2023 and 2022

**NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS, continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At December 31, 2022, the Organization’s investments were comprised of equity securities, and 100% of the Organization investments were invested in one company’s stock. Unrealized losses on investments of \$20,913 were included in other income (loss) in the statement of activities for the year ended December 31, 2022. There were no investments held at December 31, 2023.

In 2023, the stock holdings were sold in their entirety for \$92,817, a net realized gain of \$17,217 from the fair value recorded at \$75,600 as of December 31, 2022.

**NOTE 5 – PLEDGES RECEIVABLE**

Pledges receivable consist of unconditional promises to give by individuals, foundations, and other supporters. An allowance for doubtful pledges has been recorded based on historical collection data. Pledges receivable are presented net of a present value discount on future pledges receivable was estimated using the Organization’s incremental borrowing rate of 3.55% as of December 31, 2023.

Pledges receivable at December 31, 2023 and 2022 are expected to be realized as follows:

	2023	2022
In less than one year	\$ 265,641	282,318
In one to five years	200,000	200,000
	465,641	482,318
Less: Allowance for doubtful pledges	(20,000)	(20,000)
Less: Discount on future pledges	(20,335)	(23,532)
	\$ 425,306	438,786

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

**NOTE 6 – LONG-TERM DEBT**

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

	2023	2022
Loan payable to City of Seattle with 0% interest and the loan in its entirety will be 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.	\$ 200,000	200,000
Loan payable to Heritage Bank; interest rate of 3.55%; principal and interest payments due monthly starting February 1, 2021; all remaining principal and interest due January 1, 2031. Secured by a deed of trust on land and building improvements in Seattle, Washington.	416,144	428,269
Notes payable	\$ 616,144	628,269

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

<u>Years ending</u>	<u>Principal Payments</u>
2024	\$ 12,544
2025	13,045
2026	13,522
2027	214,017
2028	14,493
Thereafter	348,523
Total	\$ 616,144

**NOTE 7 – LEASES**

Casa Latina entered into a noncancelable operating lease for office space in July 2021 for a 38-month term ending August 31, 2024. The lease calls for monthly rent payments of \$2,925, escalating every 12 months, and has one option to renew the lease for an additional three-year term at market rent rates. Management is not certain that they will exercise that option.

The Organization also has short-term operating leases for copiers and for the one-time use of space for events from time to time.

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

NOTE 7 – LEASES, continued

The components of lease expense were as follows for the years ended December 31:

	2023	2022
Operating lease cost	\$ 36,276	36,276
Short-term lease cost	2,334	603
	\$ 38,610	36,879

Other information related to leases was as follows for the years ended December 31:

	2023	2022
Weighted average discount rate	3.55%	3.55%
Remaining lease term (months)	0.67 years	1.67 years
ROU Asset - Operating Leases	\$ 23,868	58,629
Supplemental Cash Flow Information:		
Operating cash used by operating leases	\$ 36,696	35,628

Future minimum lease payments under non-cancellable leases for years ending December 31 were as follows:

Years ending December 31:		
2024		\$ 25,010
Thereafter		-
Total future minimum lease payments		25,010
Less: imputed interest		(1,142)
Total		\$ 23,868

The Organization leases portions of its owned property to other local organizations. These leases are month-to-month or on a per-use basis. Total rental income resulting from these leases for the years ended December 31, 2023 and 2022 was \$20,990 and \$23,670, respectively.

NOTE 8 – LINE-OF-CREDIT

The Organization has entered into 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 0.5 percent over the Wall Street Journal Prime Rate; currently 8.00 percent, payable monthly. No balance was outstanding at December 31, 2023 and 2022. The line-of-credit matures on January 12, 2024.

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

**CASA LATINA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**  
Years ended December 31, 2023 and 2022

**NOTE 9 – NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS**

In 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. In 2020, the Board of Directors also established a repairs and maintenance reserve with the objective of setting aside funds to complete future significant repair and maintenance projects on the property.

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

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 3,892,844	3,624,529
Board designated - repairs and maintenance reserves	208,462	208,462
Board designated - operating reserves	100,000	100,000
	<u>\$ 4,201,306</u>	<u>3,932,991</u>

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

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
Pledged future donations and grants	\$ 425,306	438,786
Restrictions on land and property use	<u>200,000</u>	<u>516,875</u>
	<u>625,306</u>	<u>955,661</u>
Subject to purpose restriction:		
Communications	3,685	-
Transition & onboarding	14,371	-
Facility improvements and maintenance	136,725	-
Vehicle acquisition	-	40,000
Board consulting engagement	-	11,200
	<u>154,781</u>	<u>51,200</u>
	<u>\$ 780,087</u>	<u>1,006,861</u>

Restrictions on land and property use include a grant of \$316,875 from the Washington State Department of Commerce restricting underlying assets, for which the use period ended during 2023.

In addition, the Organization is subject to a fifteen-year compliance period under the terms of a \$200,000 grant received from King County in 2012 for the construction of their building.

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

**CASA LATINA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED  
Years ended December 31, 2023 and 2022

NOTE 10 – 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, 2023 and 2022, two grantors provided 36% and two grantors provided 38% of the Organization's total revenue and support, respectively. As of December 31, 2023 and 2022, two donors' pledges comprised 86% and 83% of total pledges receivable, respectively.

NOTE 11 – PENSION PLAN

Casa Latina has a qualified defined contribution pension plan under Internal Revenue Code section 403(b). The Organization's plan contribution expenses totaled \$53,708 and \$43,487 for the years ended December 31, 2023 and 2022, respectively.

In 2023, management identified that certain required nonelective employer contributions to the pension plan were not properly paid to the plan in a manner consistent with the terms of the restated plan document dated February 1, 2018. Management has estimated that a one-time payment for contributions for the period 2018 through 2023 is required, which is expected to be paid to the plan participants in 2024. An estimated accrued plan contribution and lost earnings liability of \$115,652 and \$90,000 is included in other current liabilities in the statement of financial position as of December 31, 2023 and 2022, respectively. Management has determined that it cannot reasonably estimate a potential loss or range of loss that may result from additional penalties or fines related to this issue.

NOTE 12 – LABOR UNION

In December 2018, the employees of the Organization formed a union under the Office and Professional Employees International Union (OPEIU). During 2023, the Organization entered into a collective bargaining arrangement with OPEIU for the period June 14, 2023 through December 31, 2025, which specifies pay rates, benefits, and rights of union members.

**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 of  
Casa Latina

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 corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2024.

**Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.

**Report on 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 financial statements. 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*.

**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***

**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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

September 24, 2024  
Seattle, Washington