

Spanish Action League of Onondaga County, Inc.

**Financial Statements
As of December 31, 2018 and 2017
Together With
Independent Auditor's Report**

Spanish Action League of Onondaga County, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Spanish Action League of Onondaga County, Inc.
Syracuse, NY 13204

We have audited the accompanying financial statements of Spanish Action League of Onondaga County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgement, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spanish Action League of Onondaga County, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Spanish Action League of Onondaga County, Inc. as of December 31, 2017 were audited by other auditors, and whose report dated July 26, 2019 expressed an unmodified opinion on those statements.

Sincerely,

Tette, Ingersoll & Co., CPAs, PC

Rochester, New York
October 31, 2019

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 137,724	\$ 66,987
Grants and contracts receivable	46,611	29,643
Prepaid expenses	350	3,321
Total Current Assets	184,685	99,951
 <u>PROPERTY, PLANT, AND EQUIPMENT</u>		
Land	2,100	2,100
Building	397,000	397,000
Building Improvements	93,187	93,187
Furniture and Equipment	74,563	74,662
Vehicles	31,000	31,000
Less: accumulated depreciation	(335,736)	(315,451)
	262,114	282,498
TOTAL ASSETS	\$ 446,799	\$ 382,449

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of Credit	\$ 79,485	\$ 79,485
Accounts payable and accrued expenses	53,057	41,611
Deferred Revenue	39,058	30,031
Advance - Affiliates	123,540	-
TOTAL LIABILITIES	295,140	151,127

NET ASSETS

Net assets without donor restrictions	151,659	231,322
TOTAL LIABILITIES AND NET ASSETS	\$ 446,799	\$ 382,449

The accompanying notes are an integral
part of these financial statements

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
<u>REVENUE AND SUPPORT</u>		
Grants, contracts, and fees	\$ 353,679	\$ 506,525
Contributions	15,385	19,370
Other, including insurance proceeds of \$55,980 in 2018	79,886	42,559
TOTAL REVENUES AND SUPPORT	448,950	568,454
<u>EXPENSES</u>		
Program Services:		
Family Services	63,820	167,865
Language Services	86,793	124,541
Housing	51,708	102,882
Youth Program	119,403	86,641
Career Services	18,552	64,980
Total Program Expenses	340,276	546,909
Management and General	188,337	113,953
TOTAL EXPENSES	528,613	660,862
CHANGE IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS	(79,663)	(92,408)
Net assets beginning of year	231,322	323,730
Net assets end of year	\$ 151,659	\$ 231,322

The accompanying notes are an integral
part of these financial statements

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Family Services	Language Services	Housing	Youth Program	Career Services	Total Program	Management and General	2018 Total	2017 Total
Payroll and related expenses									
Salaries and Wages	\$ 30,930	\$ 67,303	\$ 23,773	\$ 81,838	\$ 10,137	\$ 213,981	\$ 96,873	\$ 310,854	\$ 463,687
Employee Benefits	8,340	1,855	5,166	5,036	2,555	22,952	18,114	41,066	19,302
Payroll Taxes	2,119	6,160	1,701	7,180	700	17,860	8,221	26,081	37,907
Total Payroll and related expenses	41,389	75,318	30,640	94,054	13,392	254,793	123,208	378,001	520,896
Operating Expenses									
Aid to individuals	-	1,758	-	-	-	1,758	-	1,758	3,117
Building expenses	7,507	2,356	4,105	6,017	1,985	21,970	9,217	31,187	28,372
Insurance	4,465	1,401	2,441	3,579	1,181	13,067	4,272	17,339	16,135
Small equipment	473	148	258	379	125	1,383	625	2,008	5,259
Radio programming	2,220	-	-	3,700	-	5,920	-	5,920	8,880
Outreach and training	-	267	-	1,874	-	2,141	1,041	3,182	6,717
Professional fees	4,402	3,576	2,407	3,529	1,164	15,078	14,090	29,168	13,426
Bad debts	-	-	-	-	-	-	-	-	5,408
Supplies, printing, & postage	416	184	227	4,228	109	5,164	5,212	10,376	14,928
Supplies, printing, & postage	-	-	-	-	-	-	-	-	4,573
Interest	-	-	-	-	-	-	6,395	6,395	2,803
Telephone	2,948	1,582	1,233	1,807	596	8,166	5,296	13,462	10,513
Depreciation	-	-	10,143	-	-	10,143	10,142	20,285	17,011
Miscellaneous	-	203	254	236	-	693	8,839	9,532	2,824
Total Operating Expenses	22,431	11,475	21,068	25,349	5,160	85,483	65,129	150,612	139,966
Total Functional Expenses	\$ 63,820	\$ 86,793	\$ 51,708	\$ 119,403	\$ 18,552	\$ 340,276	\$ 188,337	\$ 528,613	\$ 660,862

The accompanying notes are an integral
part of these financial statements

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (79,663)	\$ (92,408)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	20,285	17,011
Gain on sale of equipment	99	-
Bad debt expense	-	5,408
Changes in operating assets and liabilities:		
Grants and contracts receivable	(16,968)	89,919
Prepaid expenses	2,971	(1,893)
Accounts payable and accrued expenses	11,446	14,968
Deferred revenue	9,027	(32,200)
NET CASH FLOW FROM OPERATING ACTIVITIES	(52,803)	805
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of equipment	-	(31,000)
NET CASH FLOW FROM INVESTING ACTIVITIES	-	(31,000)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowings from affiliates	123,540	-
Net proceeds from line of credit	-	78,975
NET CASH FLOW FROM FINANCING ACTIVITIES	123,540	78,975
NET CHANGE IN CASH AND CASH EQUIVALENTS	70,737	48,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	66,987	18,207
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 137,724	\$ 66,987
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	\$ 6,395	\$ 2,803

The accompanying notes are an integral part of these financial statements

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Nature of Activities

Nature of Operations

The Spanish Action League of Onondaga County, Inc. (the "Organization") is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization provides facilitation and support to the Latino community throughout Central New York.

Note 2 – Summary of Significant Accounting Policies

Method of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, which means that support is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid instruments with original maturities of three months or less and investments in money market funds to be cash equivalents. At times, bank balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

Grants and Contracts Receivable

Grants and contracts receivable consist of amounts due from various governmental and private entities. Grants and contracts receivable are carried at the amount management expects to collect from outstanding balances. Allowances for potential credit losses are determined based on historical experience, evaluation of the composition of accounts and expected credit trends. When an account is deemed uncollectible, the Organization charges expense. A receivable is considered to be past due if any portion of the balance is outstanding past its original due date. At December 31, 2018 and 2017, management determined that substantially all grants and contracts receivable were fully collectible.

Property and Equipment

Property and equipment is stated at cost or, in the case of contributed property and equipment, at estimated fair value at the date of contribution. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated within explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation is computed over the estimated useful lives of the assets (ranging from 5 to 39 years) using the straight-line method for financial statement reporting purposes. Repair and maintenance costs are expensed in the period incurred. Significant betterments are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the change in net assets.

Depreciation expense amounted to \$20,285 and \$17,011 for the years ended December 31, 2018 and 2017, respectively.

Long-Lived Assets

The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable by comparing the expected undiscounted future cash flows of the assets with the respective carrying amount as of the date of assessment. Should aggregate future cash flows be less than the carrying value, a write-down would be required, measured as the difference between the carrying value and the fair value of the asset. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, no impairment is recognized. No impairment of long-lived assets was recognized in 2018 and 2017.

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Deferred revenue represents cash advances received for cost reimbursement or service grants for which expenditures have not yet incurred.

Net Assets Without Donor Restrictions

Increases to net assets without restrictions represent support or other revenue received by the Organization for the purpose of carrying out normal operations. Also included in increases to net assets without restrictions are contributions and other revenue which the donor has designated for a specific purpose that has been met in the same reporting period the donation was received.

Net Assets With Donor Restrictions

Net assets with restrictions represent amounts that have been donated to the Organization subject to donor restrictions which have not been met in the year of receipt. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions in the statement of activities and changes in net assets.

Revenue Recognition

Revenue from various contracts is recognized as related expenses are incurred. Revenue from contracts that provide a subsidy for the operations of the Organization is recognized at the time of award. Contributions are recognized as revenue in the year an unconditional promise to give is received and are recorded at fair value.

Other Income

Other income includes rental income from apartments located above the Organization's operating facility. Income from this rental activity amounted to \$13,419 and \$27,411 for the years ended December 31, 2018 and 2017, respectively.

Contributed Services

A number of volunteers have donated time in connection with the Organization's program services during the year. The value of these services has not been reflected in the accompanying financial statements as they do not meet the criteria for recognition.

Income Taxes

The Organization has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code. As a result, the Organization is not subject to Federal or New York State income taxes on revenue generated from its not-for-profit activities. However, if applicable, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been provided for in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing programs and activities of the Organization have been summarized on a functional basis in the Statement of Functional Expenses. The costs are functionalized on a direct basis where possible. Certain indirect costs have been allocated based on an estimate of the time spent by the Organization's management and staff in each functional area.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated by management through October 31, 2019, which is the date of the financial statements were available for issuance.

See Independent Auditors' Report

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 3 – Line of Credit

The Organization has a line of credit facility with a bank providing for maximum borrowings of \$80,000. Borrowings bear interest at the prime rate plus 3.25% (8.75% at December 31, 2018). The line of credit is collateralized by substantially all of the assets of the Organization. At December 31, 2018 and 2017, there was \$79,485 outstanding on this line of credit facility.

Note 4 – Commitments and Contingencies

The Organization leases office equipment under the terms of an operating lease agreement. The related lease expense approximated \$4,500 for the years ended December 31, 2018 and 2017.

Future minimum lease payments under this lease consist of the following:

<u>Year</u>	
2019	\$ 3,000
2020	-
2021	-
2022	-
2023	-
	\$ 3,000
	\$ 3,000

Revenue from governmental funding agencies is subject to audits and retroactive adjustments for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Note 5 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$137,724	\$ 66,987
Grants and contracts receivable	46,611	29,643
	\$ 184,335	\$ 96,630
	\$ 184,335	\$ 96,630

At December 31, 2018 and 2017, the Organization had no amounts that were unavailable for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

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 a committed line of credit in the amount of \$80,000, which it has the ability to draw upon.

Additionally, management has proactively sought to address the decrease in net assets and to improve cash performance with the following initiatives: improved operational and fiscal oversight, continued focus on debtor’s invoice collections for language services and continued focus on cost containment in all areas of business. The organization has received renewal funding sources from multiple funders and has been awarded new funding from both public and private funders.

SPANISH ACTION LEAGUE OF ONONDAGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 6 – Related Party Transactions

The Organization was advanced \$123,540 and \$0 as of December 31, 2018 and 2017, respectively, without interest from two affiliated Organizations. The amounts have no stated repayment terms and, as such, have been classified as current liabilities on the accompanying statement of financial position.

Amounts due to affiliates is as follows as of December 31:

	<u>2018</u>	<u>2017</u>
ACACIA Network	\$ 109,540	\$ -
Hispanics United	<u>14,000</u>	<u>-</u>
	<u><u>\$ 123,540</u></u>	<u><u>\$ -</u></u>