

**LATIN AMERICAN LEGAL DEFENSE AND  
EDUCATIONAL FUND, INC.**  
(a nonprofit corporation)

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Latin American Legal Defense and Educational Fund, Inc.**  
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**June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Latin American Legal Defense and Educational Fund, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Latin American Legal Defense and Educational Fund, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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

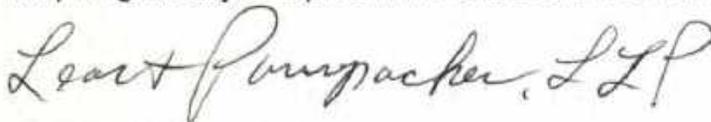
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Latin American Legal Defense and Educational Fund, Inc. as of June 30, 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.



Princeton, New Jersey  
March 21, 2019



*Accounting, Tax and Management Advisory Services*

**Latin American Legal Defense and Educational Fund, Inc.**  
**Statement of Financial Position**  
**June 30, 2018**

**Assets**

Cash	\$ 139,327
Grants receivable	17,500
Unconditional promises to give	29,900
Prepaid expenses	6,057
Security deposit	1,000
Land, property and equipment, net	<u>215,337</u>

**Total assets** **\$ 409,121**

**Liabilities and net assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 14,366
Custodial funds	3,589
Long-term debt	<u>162,000</u>
<b>Total liabilities</b>	<b>179,955</b>

**Net assets**

Unrestricted	214,166
Temporarily restricted	15,000
Permanently restricted	<u>—</u>
<b>Total net assets</b>	<b><u>229,166</u></b>

**Total liabilities and net assets** **\$ 409,121**

**Latin American Legal Defense and Educational Fund, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, gains and other support</b>				
Grant revenue	\$ 184,790	\$ 15,000	\$ --	\$ 199,790
Contributions	163,082	--	--	163,082
Program income	61,890	--	--	61,890
Donated goods and services	12,830	--	--	12,830
Membership fees	<u>30</u>	<u>--</u>	<u>--</u>	<u>30</u>
<b>Total revenue, gains and other support</b>	<b>422,622</b>	<b>15,000</b>	<b>--</b>	<b>437,622</b>
<b>Expenses</b>				
Salaries and wages	152,257	--	--	152,257
Professional fees	32,776	--	--	32,776
Rent and utilities	20,426	--	--	20,426
Payroll taxes	15,362	--	--	15,362
Office expenses	13,548	--	--	13,548
Insurance	10,096	--	--	10,096
Program supplies	8,229	--	--	8,229
Training and travel	6,611	--	--	6,611
Telephone & utilities	4,637	--	--	4,637
Postage and delivery	3,390	--	--	3,390
Administrative expenses	1,923	--	--	1,923
Dues and subscriptions	1,646	--	--	1,646
Advertising	1,259	--	--	1,259
Real estate taxes	831	--	--	831
Scholarships	519	--	--	519
Bank and credit card fees	<u>392</u>	<u>--</u>	<u>--</u>	<u>392</u>
<b>Total expenses</b>	<b><u>273,902</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>273,902</u></b>
<b>Change in net assets</b>	<b>148,720</b>	<b>15,000</b>	<b>--</b>	<b>163,720</b>
<b>Unrestricted net assets – beginning of year</b>	<b><u>65,446</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>65,446</u></b>
<b>Unrestricted net assets – end of year</b>	<b><u>\$ 214,166</u></b>	<b><u>\$ 15,000</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 229,166</u></b>

See notes to financial statements

**Latin American Legal Defense and Educational Fund, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2018**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 163,720
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donations of property and equipment	( 9,830)
Changes in operating assets and liabilities:	
Increase in grants receivable	( 2,500)
Increase in prepaid expenses	( 2,188)
Increase in unconditional promises to give	( 29,900)
Increase in accounts payable and accrued expenses	9,843
Decrease in custodial funds	<u>( 3,151)</u>
Net cash provided by operating activities	125,994
 <b>Cash flows from investing activities</b>	
Acquisition of land, property, and equipment	<u>( 43,507)</u>
Net cash used in investing activities	<u>( 43,507)</u>
 <b>Change in cash and cash equivalents</b>	82,487
 <b>Cash at beginning of year</b>	<u>56,840</u>
 <b>Cash at end of year</b>	<u>\$ 139,327</u>
 <b>Supplemental disclosure of cash flow information</b>	
<b><i>Non-cash investing and financing activities</i></b>	
Mortgage assumed in connection with acquisition of property	<u>\$ 162,000</u>

See notes to financial statements

**Latin American Legal Defense and Educational Fund, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1 – Summary of significant accounting policies**

Significant accounting policies followed by the Organization in the preparation of the accompanying financial statements are summarized below:

***General***

The Latin American Legal Defense and Educational Fund, Inc. ("the Organization") was organized to promote the civil rights of Latin Americans, and facilitate their access to healthcare and education, as well as to advance cross cultural understanding in the Mercer County regional area. They seek to prevent human rights violations, educate immigrants about their rights and responsibilities and foster their integration into the civic fabric of our communities. Since 2004, the Organization has established itself as the "go to" organization for reaching out to the Latino community in Mercer County. Casa de Bienvenida, their Trenton Community Center, is a resource hub for the city's Latino immigrants, serving over 3,000 households annually. Casa de Bienvenida is open six days a week, year-round, with the goal of increasing the social capital of immigrant households through: adult education in the areas of language acquisition, technology, life skills and personal finances; youth mentoring to increase college enrollment and strengthen potential for future success; affordable legal services; tax preparation; a community photo ID card; health care literacy and outreach; and referral and advocacy services.

***New home campaign contributions***

In June 2018, the Organization moved to a new, larger building on Clinton Avenue in Trenton. This will enable the Organization to provide its services in a more efficient manner and to increase its client base. The Organization raised contributions under a special fundraising campaign to assist with the purchase and renovation of this building. Revenues from this campaign totaled \$76,250 and are included in contributions in the accompanying financial statements. The Organization considers these revenues to be non-recurring and, accordingly, anticipates lower revenues from contributions in future periods.

In addition, the Organization expanded rapidly in 2017-2018 to meet the needs of the community. A number of contributions and grants were received to permit expansion of staff, who were hired gradually throughout the fiscal year.

***Basis of presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

***Unrestricted net assets***

Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

**Latin American Legal Defense and Educational Fund, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1 – Summary of significant accounting policies (continued)**

***Basis of presentation (continued)***

*Temporarily restricted net assets*

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

*Permanently restricted net assets*

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

The Organization has no permanently restricted net assets at June 30, 2018.

***Cash and cash equivalents***

For purposes of the financial statements, the Organization considers all highly liquid investments with maturities of 90 days or less to be cash equivalents.

***Contribution and grant revenues***

Grant revenues include government grants, as well as grants received from foundations and corporations. All other contributions are reflected as contribution income in the accompanying statements of activities.

***Promises to give***

Unconditional promises to give consist of amounts to be contributed by individuals. Unconditional promises to give at June 30, 2018 were as follows:

Receivable in less than one year	\$ 19,400
Receivable in one to five years	<u>10,500</u>
Net unconditional promises to give	<u>\$ 29,900</u>

The Organization reflects multi-year unconditional promises to give at face value, as the difference between recorded amounts and their present values was not considered significant at June 30, 2018.

**Latin American Legal Defense and Educational Fund, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1 – Summary of significant accounting policies (continued)**

***Promises to give (continued)***

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give are reviewed periodically to ensure that assets are not overstated due to lack of collectibility. Accordingly, the Organization considers the amounts reported to be substantially collectible as of the Statement of Financial Position date, and therefore, no allowance for doubtful accounts is reflected in the financial statements.

***Property and equipment***

Property and equipment are stated at cost, or if donated, at the approximate fair value at the date of donation. Repairs which neither increase the value of the asset nor extend its useful life are expensed as incurred. As assets are sold or retired, the cost of the accumulated depreciation is removed from the accounts and any gain or loss is recognized. Depreciation and amortization are computed using the straight-line method over the expected useful lives of the assets as follows:

	<u>Estimated Life (Years)</u>
Building	25
Building and leasehold improvements	10-25
Furniture and equipment	3-10

***Donated materials and services***

Board members of the Organization and other individuals have contributed their time on a volunteer or nominally paid basis to develop and support various programs and fundraising activities. The value of the contributed time is not reflected in these financial statements since they do not meet the criteria for recognition under U.S. GAAP.

The contribution of services are recognized if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated materials are recognized at their fair values.

***Advertising costs***

The Organization expenses the cost of advertising as incurred. Advertising expense for the year ended June 30, 2018 amounted to \$1,259.

***Income taxes***

The Organization has been classified by the Internal Revenue Service as an organization described under section 501(c)(3) of the Internal Revenue Code ("the Code") as exempt from federal income taxes under section 501(a) of the Code.

**Latin American Legal Defense and Educational Fund, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1 – Summary of significant accounting policies (continued)**

***Income taxes (continued)***

ASC Topic 740 *Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The guidance also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

***Use of estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 – Grants receivable**

At June 30, 2018, the Organization is due \$17,500 in accordance with program grants from the State of New Jersey and the City of Trenton. These funds are anticipated to be received in the subsequent fiscal year.

**Note 3 – Investments**

The Organization receives donations of equity securities and maintains a policy to sell these securities at the earliest possible opportunity. As a result, the Organization did not hold any investments at June 30, 2018.

**Note 4 – Property and equipment**

The costs and accumulated depreciation of property and equipment are summarized at June 30, 2018 as follows:

Property and equipment	
Land	\$ 42,984
Building and improvements	160,782
Furniture and equipment	11,571
Total property and equipment	<u>215,337</u>
Accumulated depreciation and amortization	
Building and improvements	--
Furniture and equipment	--
Total accumulated depreciation and amortization	<u>--</u>
Property and equipment, net	<u>\$ 215,337</u>

There was no depreciation expense of property and equipment for the year ended June 30, 2018 as the property and equipment was not put into use until after the year ended.

**Latin American Legal Defense and Educational Fund, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 5 – Long-Term Debt**

In June 2018, the Organization entered into a credit facility with Community Loan Fund of New Jersey, Inc. for the acquisition and renovation of land and a building which is used as the Organization's new facilities. The credit facility included borrowings of \$162,000 for the acquisition of the facility and a line of credit of \$28,000 for renovations through October 31, 2018. These amounts were borrowed and added to the loan subsequent to June 30, 2018. The facility requires monthly payments of interest only at 6.5% through October 31, 2018. Monthly payments of approximately \$1,093, inclusive of interest of 6.5% are due beginning November 1, 2018, with a balloon payment due July 1, 2023. The loan is collateralized by the related property.

Aggregate maturities of total long-term debt are as follows:

<u>Year ending June 30:</u>		
2019	\$	527
2020		835
2022		891
2022		951
2023		1,014
2024		<u>185,782</u>
Total	\$	<u>190,000</u>

**Note 6 – Custodial funds**

Custodial funds represent funds held by the Organization for scholarships for students to attend higher education institutions on behalf of the agencies it serves. As scholarship funds are distributed to the ultimate beneficiaries, this liability will be removed from the Organization's books.

**Note 7 – Donated goods and services**

The Organization received donated furniture and equipment as well as donated legal services in the year ended June 30, 2018. The Organization recognized contribution income totaling \$12,830 consisting of \$9,830 of donated furniture and equipment and \$3,000 of legal services.

**Note 8 – Compensated absences**

Employees of the Organization are entitled to paid vacation, sick and personal days off, depending on job classification, length of service and other factors. The Organization does not allow for carryover of any absences, accordingly, no liability has been recorded in the accompanying financial statements.

**Note 9 – Program activities**

During the year, the Organization provided a number of programs in its Trenton Community Center including photo identification cards, immigration legal services, English as a second language classes ("ESL"), and computer classes. Income from these programs and center membership dues amounted to \$61,920 for the year ended June 30, 2018.

**Latin American Legal Defense and Educational Fund, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 10 – Temporarily restricted net assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2018:

Grant - For girls in the FUTURO Class of 2019	\$ <u>15,000</u>
Total temporarily restricted net assets	\$ <u>15,000</u>

**Note 11 – Subsequent event**

Subsequent events were evaluated through March 21, 2019 which is the date the financial statements were issued.