

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.**

**June 30, 2022**



**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.**

**For the Year Ended June 30, 2022**

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Certified Public Accountants, PC

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## Independent Auditors' Report

To the Board of Trustees of  
Latin American Legal Defense  
and Education Fund, Inc.  
Trenton, New Jersey

### Report on the Audit of the Financial Statements

We have audited the accompanying Financial Statements of Latin American Legal Defense and Education Fund, Inc. (a non-profit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Functional Expenses and Cash Flows for the year 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 Latin American Legal Defense and Education Fund, Inc. as of June 30, 2022, 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.

### Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Latin American Legal Defense and Education Fund, Inc. 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 opinion.

### 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 Latin American Legal Defense and Education Fund, Inc's ability to continue as a going concern within one year after the date that the financial statements issued.

#### Auditor's 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 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, including omissions, 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.

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 Latin American Legal Defense and Education Fund, Inc'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 Latin American Legal Defense and Education Fund, Inc'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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the Organization's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of this 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 the internal control over financial reporting 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 over financial reporting and compliance.



**BKC, CPAS, PC**

June 26, 2023  
Flemington, New Jersey

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Statement of Financial Position  
June 30, 2022**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 256,305
Grants receivable	109,036
Prepaid expenses and other current assets	8,211
Total current assets	373,552
Property and equipment, net of accumulated depreciation of \$48,902	268,274
Right-of-use asset - operating lease	779
Total assets	\$ 642,605

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable and accrued expenses	\$ 47,295
Current portion of SBA EIDL loan	4,487
Current portion of NJEDA loan	9,489
Current portion of operating lease liabilities	779
Total current liabilities	62,050
Long-term liabilities	
SBA EIDL loan, net of current portion	145,413
NJEDA loan, net of current portion	71,167
Total long-term liabilities	216,580
Total liabilities	278,630
Net assets	
Without donor restrictions	111,020
With donor restrictions	252,955
Total net assets	363,975
Total liabilities and net assets	\$ 642,605

See accompanying notes to the financial statements.

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Statement of Activities  
For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 108,702	\$ 86,000	\$ 194,702
Grants	-	526,740	526,740
Program income	39,694	-	39,694
In-kind contributions (nonfinancial assets)	-	62,521	62,521
Net assets released from restrictions	607,224	(607,224)	-
Total support and revenues	<u>755,620</u>	<u>68,037</u>	<u>823,657</u>
Functional expenses			
Program	757,524	-	757,524
Management and general	52,066	-	52,066
Fundraising	88,286	-	88,286
Total functional expenses	<u>897,876</u>	<u>-</u>	<u>897,876</u>
Other income (expense)			
Interest income	56	-	56
Interest expense	(4,184)	-	(4,184)
Total other income (expense)	<u>(4,128)</u>	<u>-</u>	<u>(4,128)</u>
Change in net assets	(146,384)	68,037	(78,347)
Net assets - beginning of year	<u>257,404</u>	<u>184,918</u>	<u>442,322</u>
Net assets - end of year	<u>\$ 111,020</u>	<u>\$ 252,955</u>	<u>\$ 363,975</u>

See accompanying notes to the financial statements.

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Statement of Functional Expenses  
For the Year Ended June 30, 2022**

	Program Expenses		Total Program Expenses	Management and General	Fundraising	Total
	Community Center	Youth Development				
Personnel costs:						
Employee benefits	\$ 7,884	\$ 2,714	\$ 10,598	\$ 1,108	\$ 1,454	\$ 13,160
Payroll administrative fees	2,809	966	3,775	453	504	4,732
Payroll taxes	34,090	11,738	45,828	4,790	6,286	56,904
Salaries and wages	349,868	121,178	471,046	10,379	68,482	549,907
Total personnel costs	<u>394,651</u>	<u>136,596</u>	<u>531,247</u>	<u>16,730</u>	<u>76,726</u>	<u>624,703</u>
Accounting and audit services	-	-	-	23,160	-	23,160
Advertising	1,990	686	2,676	280	538	3,494
Bad debt expense	-	-	-	2,153	-	2,153
Bank and credit card fees	1,052	362	1,414	148	194	1,756
Building maintenance	4,601	1,584	6,185	646	848	7,679
Consultants	4,077	12,035	16,112	93	155	16,360
Depreciation	8,215	2,828	11,043	1,154	1,515	13,712
Equipment rental	3,077	1,059	4,136	432	567	5,135
In-kind expenditures	50,721	11,800	62,521	-	-	62,521
Insurance	6,135	1,633	7,768	666	874	9,308
IT consultant	188	65	253	26	35	314
Lease expense	1,131	389	1,520	159	209	1,888
Legal services	41,135	-	41,135	-	-	41,135
Marketing and promotion	2,062	17	2,079	800	1,018	3,897
Meals	81	92	173	1,145	71	1,389
Occupancy security (ADT)	351	120	471	49	64	584
Professional development	1,709	336	2,045	299	245	2,589
Registrations	45	-	45	275	-	320
Repairs and maintenance	522	180	702	73	96	871
Software subscriptions	4,796	415	5,211	169	222	5,602
Supplies and program costs	30,282	16,488	46,770	2,153	2,606	51,529
Telephone and internet	3,940	1,357	5,297	554	727	6,578
Travel and lodging	49	2,938	2,987	303	790	4,080
Utilities	4,265	1,469	5,734	599	786	7,119
Total functional expenses	<u>\$ 565,075</u>	<u>\$ 192,449</u>	<u>\$ 757,524</u>	<u>\$ 52,066</u>	<u>\$ 88,286</u>	<u>\$ 897,876</u>

See accompanying notes to the financial statements.



**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Statement of Cash Flows  
For the Year Ended June 30, 2022**

Cash flows from operating activities	
Change in net assets	\$ (78,347)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	13,712
Amortization of ROU operating lease	1,855
(Increase) decrease in assets	
Grants receivable	72,315
Prepaid expense and other current assets	(4,681)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	17,608
Operating lease liabilities	(1,855)
Total adjustments	<u>98,954</u>
Net cash provided by operating activities	<u>20,607</u>
 Cash flows from investing activities	
Purchase for property and equipment	<u>(15,280)</u>
Net cash used in investing activities	<u>(15,280)</u>
 Cash flows from financing activities	
NJEDA loan payments	<u>(4,744)</u>
Net cash used in financing activities	<u>(4,744)</u>
 Net increase in cash and cash equivalents	583
 Cash and cash equivalents - beginning of year	<u>255,722</u>
 Cash and cash equivalents - end of year	<u><u>\$ 256,305</u></u>

See accompanying notes to the financial statements.

**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 1 - Organization and summary of significant accounting policies

Nature of organization

Latin American Legal Defense and Education Fund, Inc. (the Organization), located in Trenton, New Jersey, is a non-profit organization established in 2004. The Organization's mission is to promote the rights of all immigrants (with a focus on the Latin American community in Mercer County area); facilitate access to health care, education, and legal representation; advocate for the integration of immigrants; and foster intercultural communication that strengthens the communities served.

The Organization's program falls into two key areas: legal services, which encompass humanitarian immigration support; and community outreach/education, which includes client advocacy, continuing education, youth mentoring and development, and the dissemination of vital, reliable information regarding healthcare, digital literacy, citizenship, healthcare, financial stability, and more.

Legal Services

The Organization's humanitarian legal services are dedicated to ensuring that recent immigrants to Greater Mercer County know their rights and can access protective services and navigate the often-complicated legal systems that lead to permanent status in the United States. The Organization is particularly focused on ensuring that the most vulnerable, including children, survivors of torture or sexual and gender-based violence, can secure low-cost legal aid.

Community Outreach and Education

The Organization's Outreach and Education programs include adult education, client advocacy, community organizing and the Organization's high impact mentoring program for promising junior and senior high school students. Called FUTURO, the program provides these first and second-generation Americans with academic support, SAT preparation, college application guidance, mentoring, social support, and community service opportunities.

The bulk of these programs are held at the Organization's headquarters: Casa de Bienvenida. located in Trenton.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 1 - Organization and summary of significant accounting policies (continued)

Use of estimates

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 and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Organization has been notified by the Internal Revenue Service that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is further classified as a Organization that is not a private Organization under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertions that it is exempt from income taxes and its determination that no amounts are subject to unrelated business income tax (UBIT). Income generated by activities that would be considered unrelated to the Organization mission would be subject to income tax.

The Organization follows the guidance of Accounting Standards Codification (ASC) Topic 740, *Accounting for Income Taxes*, related to uncertain income tax provisions, which prescribes a threshold of more likely than not, for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

The Organization files a Form 990, Return of Organization Exempt Form Tax, annually with the Internal Revenue Service, as well as a State equivalent filing. Both filings are subject to audit by the appropriate authority. The Organization returns prior to 2019 are no longer subject to examination by Federal or State authorities due to the statute of limitations.

Change in accounting standards

ASU 2016-02: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 1 - Organization and summary of significant accounting policies (continued)  
Change in accounting standards (continued)

As a result of adopting the new standards, the Company recorded a right-of-use asset and a lease liability payable and utilized all the available practical expedients. These included transition elections that permitted it to not reassess its prior conclusions about lease identification, lease classification and initial direct costs for existing or expired leases.

ASU 2020-07: The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for annual periods beginning after June 15, 2021. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of the information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The standard did not have a material impact on the financial statements, the Organization updated disclosures as necessary.

Cash and cash equivalents

The Organization considers cash equivalents to be all highly liquid debt instruments with an initial maturity of three months or less.

Accounts and grants receivable

Accounts and grants receivable are stated at the amount Management expects to collect from outstanding balances. The Organization considers all accounts and grants receivable to be fully collectible; therefore, no allowance for uncollectable amounts is considered necessary. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

Property and equipment

Property and equipment purchases are stated at cost, except for donated items, that are recorded at the estimated fair value on the date of donation. The Organization capitalizes property and equipment with a cost over \$2,500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of property and equipment range from ten to twenty-five years.

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Net assets classification

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations, and therefore, are expendable for operating purposes.

**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 1 - Organization and summary of significant accounting policies (continued)

Net assets classification (continued)

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time.

Contributions, support, and revenue recognition

Contributions are recognized when the donor or funding source makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, 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.

Contributions of donated non-cash assets are recorded at their fair values in the periods received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the periods received.

Program service revenue represents payment for services and is recognized in the year when substantially earned.

Functional allocation of expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the Statement of Functional Expenses.

The direct costing method is utilized for charging expense to each program or function consistent with the benefit derived by each program. Some expenses, such as personnel, supplies and telephone, are allocated to each program or function based on the staffing in each of these areas which is consistent with the benefit derived by each program.

**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 1 - Organization and summary of significant accounting policies (continued)  
Functional allocation of expenses (continued)

Such allocations are done on an equitable basis based on the following methodology:

<u>Expense Category</u>	<u>Classification</u>
Salaries	Time and effort
Payroll taxes and fringe benefits	Direct salaries
Building maintenance, equipment rental, insurance, consultants, occupancy, etc	Estimated usage

Note 2 - Grants receivable

Grants receivable are mainly subrecipient grants received from the State of NJ Department of State, NJ Department of Health, Family Services, and a grant from a private foundation. These grants are expected to be collected in the next year. Grants receivable was \$184,900 as of June 30, 2022.

Note 3 - Property and equipment

Property and equipment consist of the following as of June 30, 2022:

Building	\$ 147,684
Land	42,984
Improvements	114,937
Furniture and fixtures	11,571
Less: accumulated depreciation	(48,902)
Property and equipment, net	<u>\$ 268,274</u>

Depreciation expense for the year ended June 30, 2022, was \$13,712.

Note 4 - Small Business Administration loans

On December 7, 2020, the Organization received a \$85,400 loan from the New Jersey Economic Development Authority. Payments on the loan are deferred for the first twelve months and interest accrues at 0% for the first five years and a cap not to exceed 3% for the remaining five years. After the deferment period, monthly installments of are due. The loan is due December 2030 and is secured by substantially all the assets of the Organization. As of June 30, 2022, the balance on the loan was \$80,656.

On July 3, 2020, the Organization received a \$150,000 EIDL loan from the U.S. Small Business Administration (SBA). Payments on the loan are deferred for the first thirty months, however, interest will continue to accrue. After the deferment period, monthly installments of \$641 are due, including principal and interest at 2.75%. The loan is due June 2050 and is secured by substantially all the assets of the Organization. As of June 30, 2022, the balance on the loan was \$149,900.

**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 4 - Small Business Administration loans (continued)

Future minimum payments for the loans as of June 30, 2022, are as follows:

2023	\$	13,976
2024		17,181
2025		17,181
2026		17,181
2027		17,181
Thereafter		147,856

Note 5 - Leasing arrangements

The Organization entered into an operating lease arrangement for office equipment. The current lease is set to expire November 2022.

The following summarizes the items in the statement of financial position as of June 30, 2022:

Operating lease ROU assets	\$	<u>779</u>
Operating lease liabilities		
Current portion	\$	<u>779</u>

The Organization used the rate implicit in the lease. The following summarizes other information related to the operating lease as of June 30, 2022:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	1,888
ROU assets obtained in exchange for operating lease liabilities		2,634
Weighted-average remaining lease term in years for operating leases		.42
Weighted-average discount rate for operating leases		2.06%

Future minimum lease payments at June 30, 2022 were as follows:

2023	\$	779
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The components of lease expense are as follows:

Operating lease expense	1,888
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**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 6 - Net assets with donor restrictions

Components of net assets with donor restrictions as of June 30, 2022 was as follows:

Time or purpose restricted:	
For community center programs - health outreach	\$ 215,492
For other programs, operations	37,463
Total net assets with donor-restrictions	<u>\$ 252,955</u>

Note 7 - Availability of financial assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

Financial assets at June 30, 2022:

Cash and cash equivalents	\$ 256,305
Grants receivable	109,036
Total financial assets	<u>365,341</u>

Less those unavailable for general expenditures within one year, due to:

For general operations	(2,500)
For community center programs	(215,492)
For youth development programs	(34,963)
	<u>(252,955)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 112,386

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 8 - Concentration of risk and uncertainties

Credit risk

The Organization maintains its cash and cash equivalents in bank deposit accounts and financial institutions which are insured by the Federal Deposit Insurance Corporation. At June 30, 2022, the Organization had uninsured cash totaling approximately \$0.

Major donors

The Organization had three donors that represented 91% of the outstanding grants receivable as of June 30, 2022.

The Organization had two donors that represented 52% of the grants and contribution revenue for the year ended June 30, 2022



**LATIN AMERICA LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Notes to the Financial Statements**

Note 9 - Donated services

The Organization receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations. It recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. During the year ending June 30, 2022, the Organization received the following donated volunteer time:

Adult education teachers	\$ 26,012
FUTURO instructors/tutors	11,800
Legal representatives	24,709
Total	<u>\$ 62,521</u>

Donated program services are valued using the Independent Sector's Value of Volunteer Time report. The value of a volunteer hour at June 30, 2022 was \$29.95.

Note 10 - Subsequent events

The Organization's Management has determined that no additional material events or transactions occurred subsequent to June 30, 2022 and through June 26, 2023, the date of the Organization's financial statement issuance, which require additional disclosure in the Organization's financial statements.

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2022**

Grantor/ Pass Through Grantor/Program Title	Federal Assistance Listing Number or State Grant Account Number	Pass-Through Grantor's Number	Award Date	Approved Award Amount	Federal or State Expenditures	
					From Pass-Through Awards	From Direct Awards
<b>Federal Awards</b>						
<b>U.S. Department of Health and Human Services</b>						
Pass through from the National Foundation for the Centers for Disease Control and Prevention, Inc. (CDC Foundation)						
CBO Support to Increase Equitable Vaccination Coverage	93.185	43101	06/15/2021-04/29/2022	\$ 100,000	\$ 100,000	\$ -
Addressing Health Inequities in Our Latino Community	93.185	43201	04/30/2022-04/29/2023	119,041	47,616	-
<b>U.S. Department of Housing and Urban Development (HUD)</b>						
Pass through from the City of Trenton Housing and Economic Development						
Community Development Block Grant (CDBG)						
Public Services Adult Employability and Life Skills Development		570.208(a)(2)	07/1/2021-06/30/2022	44,820	44,817	-
Total expenditures of Federal Awards					192,433	-
<b>State Awards</b>						
<b>New Jersey Department of Health, Family Services</b>						
Pass through from the Central Jersey Family Health Consortium, Inc (CJFHC)						
EPIDEMIOLOGY LABORATORY CAPACITY GRANT		N/A	07/01/2021-11/30/2021	109,106	104,106	-
EPIDEMIOLOGY LABORATORY CAPACITY GRANT		N/A	12/01/2021-06/30/2022	97,923	97,923	-
EPIDEMIOLOGY LABORATORY CAPACITY GRANT		N/A	02/01/21-06/30/21	17,371	17,371	-
<b>New Jersey Department of State</b>						
Center for Hispanic Policy, Research and Development (CHPRD)						
Citizenship and Integration Program	CHPRD22-013		07/1/21 - 06/30/22	50,000	-	50,000
Total expenditures of State Awards					219,400	50,000
Total Federal and State Awards					\$ 411,833	\$ 50,000

See independent auditors' report and notes to the schedule of expenditures of federal and state awards.

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.**  
**Notes to Schedule of Expenditures of Federal and State Awards**

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the “Schedule”) includes the government grant activity of Latin American Legal Defense and Education Fund, Inc. for the year ended June 30, 2022, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with Government Auditing Standards. Because the Schedule presents only a select portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.



Certified Public Accountants, PC

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**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 Trustees of  
Latin American Legal Defense  
and Education Fund, Inc.  
Trenton, New Jersey

We have audited, 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, the financial statements of Latin American Legal Defense and Education Fund, Inc. (the Organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statement of Activities and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 through 2022-003.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### LALDEF's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### 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 prove an opinion on the effectiveness of 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.



**BKC, CPAS, PC**

June 26, 2023  
Flemington, New Jersey

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Schedule of Findings and Responses  
For the Year Ended June 30, 2022**

**Finding 2022-001: Monitoring of Receipt Transactions**

Criteria:	The Organization is required to design, implement, and maintain internal controls to ensure that the financial statements are prepared in accordance with GAAP. This includes transactions being reviewed in a timely manner at the appropriate level.
Condition:	Insufficient monitoring of receipts was noted for transactions processed during the year ended June 30, 2022. This includes certain transactions lacking proper supporting documentation and not being deposited into the bank on a timely basis.
Cause:	While the Organization maintains a schedule of revenues received, it does not create daily deposit slips which reconcile to the underlying schedule.
Effect:	The risk exists that misstatements of the financial statements could occur and not be detected or corrected on a timely basis or misappropriation of funds can occur.
Recommendation:	Management should maintain the schedule of revenues by source and by donor or program service fee arrangement and should have the staff complete daily deposit slips that reconcile to the schedule.
Views of responsible officials:	Management will begin to utilize daily deposit slips in conjunction with the schedule of revenues currently being used. This will help ensure that daily deposits match the bank deposits, while properly tracking revenue by source and by contract/donor or program service fee arrangement.

**Finding 2022-002: Monitoring of Executive Level Purchase Transactions**

Criteria:	The Organization is required to design, implement, and maintain internal controls to ensure that the financial statements are prepared in accordance with GAAP. This includes transactions being reviewed in a timely manner at the appropriate level.
Condition:	Insufficient monitoring of executive level credit card purchases was noted for transactions processed during the year ended June 30, 2022.
Cause:	The Organization lacks a formal documented review process of credit card statements that is performed by the Treasurer.

**LATIN AMERICAN LEGAL DEFENSE  
AND EDUCATION FUND, INC.  
Schedule of Findings and Responses  
For the Year Ended June 30, 2022**

Recommendation: We recommend that a formal review and approval process be established for executive level credit card purchases. This process should include ensuring sufficient supporting documentation for all purchase activity is submitted with the credit card statement and that all transactions are relevant to the Organization's operations. We recommend that this process involve an appropriate member of the Organization Board of Trustees.

Views of responsible officials: Governance agrees with the findings. The Organization's credit cards are held by the Executive Director and Treasurer of the Board. The Organization will begin to document the review and approval procedures performed by the Treasurer monthly.

**Finding 2022-003: Checks over \$5,000 Missing Two Signatures**

Criteria: Internal controls should be strengthened to ensure checks over the \$5,000 threshold as per Organization's policy contain two signatures.

Condition: A check was processed without a second signature in violation of Organization's policy during the year ended June 30, 2022.

Cause: The Organization's policy requiring two signatures did not reflect the approval process appropriately.

Effect: The risk exists that expenses could be processed by the Organization that do not present transactions relevant to the Organization's operations. Misstatements of the financials could occur and not be detected or corrected on a timely basis.

Recommendation: We recommend removing the policy requiring two signatures and adding procedures to require documentation and/or electronic approval via their vendor management software for disbursements over \$5,000.

Views of responsible officials: The check under question was discussed and approved by the Treasurer and Finance Committee prior to the remittance as documented in their minutes. The Organization will update its policies and procedures to require documentation and/or electronic approval via its vendor management software for disbursements over \$5,000 and will remove the language requiring a second signature on checks over \$5,000.