



SOCIEDAD LATINA

Strengthening Our Youth and Families • Fortaleciendo A Nuestros Jóvenes y Familias

AND AFFILIATE

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

SOCIEDAD LATINA, INC. AND AFFILIATE

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June 30, 2023 and 2022

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Independent Auditor's Report

To the Boards of Directors of
Sociedad Latina, Inc. and Affiliate:

Opinion

We have audited the accompanying combined financial statements of Sociedad Latina, Inc. and Affiliate (Massachusetts nonprofit corporations) (collectively, the Organization) which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Sociedad Latina, Inc. and Affiliate as of June 30, 2023 and 2022, and the changes in their net assets and their 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 (GAAS). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS 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 combined financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 the Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining information on pages 19 to 23 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information on pages 19 to 23 has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the matter described below, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The accompanying combining information on pages 19 to 23 does not include right-of-use lease assets and lease liabilities for material related-party leases that fully eliminate upon combination. Management has informed us that they have not determined the effects of not including related-party leases in the combining information.

AAFCPA, Inc.

Westborough, Massachusetts
November 16, 2023

SOCIEDAD LATINA, INC. AND AFFILIATE

 Combined Statements of Financial Position
 June 30, 2023 and 2022

Assets	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:						
Cash and cash equivalents	\$ 5,238,091	\$ 1,165,137	\$ 6,403,228	\$ 4,738,838	\$ 1,474,325	\$ 6,213,163
Current portion of restricted cash	33,929	-	33,929	33,929	-	33,929
Current portion of grants and pledges receivable	185,832	769,500	955,332	242,775	289,500	532,275
Prepaid expenses	43,595	-	43,595	30,942	-	30,942
Total current assets	5,501,447	1,934,637	7,436,084	5,046,484	1,763,825	6,810,309
Restricted cash, net of current portion	90,000	-	90,000	123,928	-	123,928
Investments	315,180	-	315,180	-	-	-
Grants and Pledges Receivable, net of current portion	-	650,000	650,000	-	70,000	70,000
Note Receivable	3,570,500	-	3,570,500	3,570,500	-	3,570,500
Property and Equipment, net	4,256,370	-	4,256,370	4,353,489	-	4,353,489
Total assets	<u>\$ 13,733,497</u>	<u>\$ 2,584,637</u>	<u>\$ 16,318,134</u>	<u>\$ 13,094,401</u>	<u>\$ 1,833,825</u>	<u>\$ 14,928,226</u>
Liabilities and Net Assets						
Current Liabilities:						
Current portion of Paycheck Protection Program Loan	\$ 56,731	\$ -	\$ 56,731	\$ 56,167	\$ -	\$ 56,167
Current portion of long-term debt	24,788	-	24,788	23,752	-	23,752
Conditional grant advances	54,167	-	54,167	104,167	-	104,167
Accounts payable and accrued expenses	104,216	-	104,216	127,066	-	127,066
Total current liabilities	239,902	-	239,902	311,152	-	311,152
Long-Term Liabilities:						
Paycheck Protection Program Loan and accrued interest, net	50,615	-	50,615	107,346	-	107,346
Long-term debt, net	5,575,221	-	5,575,221	5,593,389	-	5,593,389
Total long-term liabilities	5,625,836	-	5,625,836	5,700,735	-	5,700,735
Total liabilities	5,865,738	-	5,865,738	6,011,887	-	6,011,887
Net Assets:						
Without donor restrictions:						
Operating	5,235,718	-	5,235,718	4,351,738	-	4,351,738
Board designated	315,180	-	315,180	300,000	-	300,000
Property and equipment	2,316,861	-	2,316,861	2,430,776	-	2,430,776
Total without donor restrictions	7,867,759	-	7,867,759	7,082,514	-	7,082,514
With donor restrictions:						
Purpose	-	1,912,637	1,912,637	-	1,558,825	1,558,825
Time	-	672,000	672,000	-	275,000	275,000
Total with donor restrictions	-	2,584,637	2,584,637	-	1,833,825	1,833,825
Total net assets	7,867,759	2,584,637	10,452,396	7,082,514	1,833,825	8,916,339
Total liabilities and net assets	<u>\$ 13,733,497</u>	<u>\$ 2,584,637</u>	<u>\$ 16,318,134</u>	<u>\$ 13,094,401</u>	<u>\$ 1,833,825</u>	<u>\$ 14,928,226</u>

SOCIEDAD LATINA, INC. AND AFFILIATE

 Combined Statements of Activities and Changes in Net Assets
 For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Corporate, foundation and other grants	\$ 427,910	\$ 2,894,122	\$ 3,322,032	\$ 509,766	\$ 1,884,327	\$ 2,394,093
Government grants and contracts	685,405	-	685,405	753,547	-	753,547
Donated goods and services	231,744	-	231,744	133,722	-	133,722
United Way support	77,280	-	77,280	77,280	-	77,280
Interest and other	56,329	-	56,329	42,545	-	42,545
Individual, community and other donations	39,076	-	39,076	47,424	-	47,424
Net assets released from purpose restrictions	1,818,310	(1,818,310)	-	1,642,867	(1,642,867)	-
Net assets released from time restrictions	325,000	(325,000)	-	203,298	(203,298)	-
Total operating revenue and support	<u>3,661,054</u>	<u>750,812</u>	<u>4,411,866</u>	<u>3,410,449</u>	<u>38,162</u>	<u>3,448,611</u>
Operating Expenses:						
Program services:						
Youth internships	108,339	-	108,339	84,835	-	84,835
Community organizing/ Civic engagement	610,324	-	610,324	528,419	-	528,419
Education	636,756	-	636,756	559,394	-	559,394
Arts & culture	257,144	-	257,144	182,110	-	182,110
Latino network	601,088	-	601,088	702,230	-	702,230
Total program services	<u>2,213,651</u>	<u>-</u>	<u>2,213,651</u>	<u>2,056,988</u>	<u>-</u>	<u>2,056,988</u>
Support:						
General and administrative	428,702	-	428,702	390,887	-	390,887
Fundraising	246,346	-	246,346	189,822	-	189,822
Total support	<u>675,048</u>	<u>-</u>	<u>675,048</u>	<u>580,709</u>	<u>-</u>	<u>580,709</u>
Total operating expenses	<u>2,888,699</u>	<u>-</u>	<u>2,888,699</u>	<u>2,637,697</u>	<u>-</u>	<u>2,637,697</u>
Changes in net assets from operations	<u>772,355</u>	<u>750,812</u>	<u>1,523,167</u>	<u>772,752</u>	<u>38,162</u>	<u>810,914</u>
Other Revenue:						
Investment return	12,890	-	12,890	-	-	-
Changes in net assets	785,245	750,812	1,536,057	772,752	38,162	810,914
Net Assets:						
Beginning of year	<u>7,082,514</u>	<u>1,833,825</u>	<u>8,916,339</u>	<u>6,309,762</u>	<u>1,795,663</u>	<u>8,105,425</u>
End of year	<u>\$ 7,867,759</u>	<u>\$ 2,584,637</u>	<u>\$ 10,452,396</u>	<u>\$ 7,082,514</u>	<u>\$ 1,833,825</u>	<u>\$ 8,916,339</u>

SOCIEDAD LATINA, INC. AND AFFILIATE

Combined Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,536,057	\$ 810,914
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	129,779	128,928
Interest - amortization	6,620	6,622
Investment return	(12,890)	-
Bad debts	-	7,500
Changes in operating assets and liabilities:		
Grants and pledges receivable	(1,003,057)	(34,522)
Prepaid expenses	(12,653)	13,244
Conditional grant advances	(50,000)	54,167
Accounts payable and accrued expenses	(22,850)	5,910
	<u>571,006</u>	<u>992,763</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities:		
Purchases of investments	(302,290)	-
Property and equipment purchases	(32,660)	(118,958)
	<u>(334,950)</u>	<u>(118,958)</u>
Net cash used in investing activities		
Cash Flows from Financing Activities:		
Principal payments on Paycheck Protection Program loan	(56,167)	(43,579)
Principal payments on notes payable	(23,752)	(11,522)
	<u>(79,919)</u>	<u>(55,101)</u>
Net cash used in financing activities		
Net Change in Cash, Cash Equivalents and Restricted Cash	156,137	818,704
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>6,371,020</u>	<u>5,552,316</u>
End of year	<u>\$ 6,527,157</u>	<u>\$ 6,371,020</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position:		
Cash and cash equivalents	\$ 6,403,228	\$ 6,213,163
Restricted cash	123,929	157,857
	<u>\$ 6,527,157</u>	<u>\$ 6,371,020</u>
Total cash, cash equivalents and restricted cash		
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 103,611</u>	<u>\$ 104,033</u>

The accompanying notes are an integral part of these combined statements.

SOCIEDAD LATINA, INC. AND AFFILIATE

Combined Statement of Functional Expenses

For the Year Ended June 30, 2023

(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023								2022	
	Sociedad Latina, Inc.									
	Program Services					Support				
	Youth Internships	Community Organizing/ Civic Engagement	Education	Arts & Culture	Latino Network	Total Program Services	General and Administrative	Fundraising	Total	Total
Expenses:										
Personnel and related:										
Salaries - staff	\$ 23,344	\$ 361,438	\$ 170,820	\$ 65,688	\$ 220,000	\$ 841,290	\$ 8,310	\$ 99,080	\$ 948,680	\$ 867,983
Youth leader stipends	8,190	41,083	83,513	64,790	-	197,576	25	59	197,660	147,159
Payroll taxes and fringe benefits	21,121	42,241	43,037	21,121	-	127,520	9,734	22,766	160,020	132,075
Total personnel and related	52,655	444,762	297,370	151,599	220,000	1,166,386	18,069	121,905	1,306,360	1,147,217
Other expenses:										
Consultants	22,602	57,996	97,381	50,639	380,150	608,768	114,555	86,239	809,562	783,226
Office	15,024	38,288	31,309	18,740	105	103,466	40,532	18,527	162,525	178,637
Depreciation	-	-	-	-	-	-	129,779	-	129,779	128,928
Interest	5,921	11,842	12,065	5,921	-	35,749	68,225	6,257	110,231	110,653
Program supplies	6,948	15,072	21,515	19,791	113	63,439	2,389	6,480	72,308	46,916
Program support	2,074	4,742	12,658	2,237	720	22,431	2,147	3,382	27,960	67,852
Insurance	2,747	5,494	5,598	2,747	-	16,586	1,244	2,903	20,733	17,456
Occupancy	-	-	-	-	-	-	12,500	-	12,500	12,500
Travel and vehicles	83	166	3,828	83	-	4,160	184	653	4,997	3,090
Bad debts	-	-	-	-	-	-	-	-	-	7,500
Total other expenses	55,399	133,600	184,354	100,158	381,088	854,599	371,555	124,441	1,350,595	1,356,758
Donated goods and services:										
Space rental	-	-	140,940	-	-	140,940	-	-	140,940	31,380
Consultants	-	-	-	-	-	-	37,816	-	37,816	268
Salary/benefits	285	21,673	5,292	5,187	-	32,437	1,002	-	33,439	32,513
Program/other support	-	10,289	8,800	200	-	19,289	260	-	19,549	24,839
Donated furniture and equipment	-	-	-	-	-	-	-	-	-	44,722
Total donated goods and services	285	31,962	155,032	5,387	-	192,666	39,078	-	231,744	133,722
Total expenses	\$ 108,339	\$ 610,324	\$ 636,756	\$ 257,144	\$ 601,088	\$ 2,213,651	\$ 428,702	\$ 246,346	\$ 2,888,699	\$ 2,637,697

The accompanying notes are an integral part of these combined statements.

SOCIEDAD LATINA, INC. AND AFFILIATE

Combined Statement of Functional Expenses
For the Year Ended June 30, 2022

	Sociedad Latina, Inc.								
	Program Services					Support			
	Youth Internships	Community Organizing/ Civic Engagement	Education	Arts & Culture	Latino Network	Total Program Services	General and Administrative	Fundraising	Total
Expenses:									
Personnel and related:									
Salaries - staff	\$ 29,513	\$ 243,314	\$ 274,278	\$ 72,862	\$ 128,000	\$ 747,967	\$ 29,993	\$ 90,023	\$ 867,983
Youth leader stipends	-	77,779	34,525	31,530	2,925	146,759	400	-	147,159
Payroll taxes and fringe benefits	17,412	50,870	20,017	17,412	-	105,711	7,895	18,469	132,075
Total personnel and related	46,925	371,963	328,820	121,804	130,925	1,000,437	38,288	108,492	1,147,217
Other expenses:									
Consultants	15,066	32,687	76,301	19,246	561,530	704,830	26,859	51,537	783,226
Office	8,723	50,579	77,711	9,465	1,998	148,476	18,959	11,202	178,637
Depreciation	-	-	-	-	-	-	128,928	-	128,928
Interest	5,978	11,957	12,183	5,978	-	36,096	68,240	6,317	110,653
Program supplies	2,367	9,024	13,768	13,593	6,519	45,271	527	1,118	46,916
Program support	1,198	18,276	3,818	1,391	1,258	25,941	38,653	3,258	67,852
Insurance	2,298	4,612	4,691	2,306	-	13,907	1,047	2,502	17,456
Occupancy	-	-	-	-	-	-	12,500	-	12,500
Travel and vehicles	142	24	2,897	-	-	3,063	27	-	3,090
Bad debts	-	-	-	-	-	-	7,500	-	7,500
Total other expenses	35,772	127,159	191,369	51,979	571,305	977,584	303,240	75,934	1,356,758
Donated goods and services:									
Space rental	-	-	31,380	-	-	31,380	-	-	31,380
Consultants	-	-	-	-	-	-	268	-	268
Salary/benefits	855	16,430	4,038	3,285	-	24,608	2,509	5,396	32,513
Program/other support	1,283	12,867	3,787	5,042	-	22,979	1,860	-	24,839
Donated furniture and equipment	-	-	-	-	-	-	44,722	-	44,722
Total donated goods and services	2,138	29,297	39,205	8,327	-	78,967	49,359	5,396	133,722
Total expenses	\$ 84,835	\$ 528,419	\$ 559,394	\$ 182,110	\$ 702,230	\$ 2,056,988	\$ 390,887	\$ 189,822	\$ 2,637,697

The accompanying notes are an integral part of these combined statements.

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

1. OPERATIONS AND NONPROFIT STATUS

Founded in 1968, Sociedad Latina, Inc. (Sociedad Latina) is a community-based nonprofit organization working in partnership with youth and families to create the next generation of Latinx/e leaders. Sociedad Latina offers a broad array of positive youth development programs which enable youth of color in Boston to grow and mature into confident, competent and self-sustaining adults. To accomplish this mission, Sociedad Latina has developed an innovative, multi-service delivery model called The Pathways to Success, which engages youth (ages 8 through 21) over the long-term in multi-disciplinary programming to build skills in four areas: Education, Workforce Readiness, Civic Engagement, and Arts & Culture including STEM. These content areas are infused into each program to ensure that all youth who engage with Sociedad Latina have the broad skill sets necessary for success in the 21st century. Sociedad Latina implements an asset-based approach to youth development, supporting young people to develop positive cultural and linguistic identities which serve as protective factors, promote resiliency, and continue Latinx/e cultural traditions in our community. Sociedad Latina's success relies on deep partnerships with families who engage with Sociedad Latina through education, advocacy, STEM, arts, and cultural activities.

During fiscal year 2019, Sociedad Real Estate Holdings, Inc. (Sociedad Real Estate) was incorporated as a Massachusetts not-for-profit corporation and as a supporting organization to Sociedad Latina. Sociedad Real Estate was utilized to facilitate New Markets Tax Credit (NMTC) financing which was used to rehabilitate Sociedad Latina's main office.

Sociedad Latina and Sociedad Real Estate (collectively, the Organization) are exempt from Federal income taxes as organizations (not a private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Combination

The combined financial statements include the activity of Sociedad Latina and Sociedad Real Estate. All significant balances between classes of net assets and intercompany balances and transactions are eliminated in the accompanying combined financial statements.

Recently Adopted Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance in *Topic 840, Leases*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities on the combined statements of financial position for operating leases. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method provided in ASU 2018-11. Under this transition method, financial information related to years prior to adoption is as originally reported under Topic 840. The adoption of Topic 842 did not have a material impact on the Organization's combined financial statements.

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement (Continued)

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to skip the reassessment of whether the contract is or contains a lease, the treatment of initial direct costs and lease classification for the existing lease contracts. The Organization has also elected not to record leases with an initial term of twelve months or less on the combined statement of financial position.

Cash and Cash Equivalents and Restricted Cash

For purposes of the combined statements of cash flows, cash and cash equivalents include checking, money market and savings accounts. Restricted cash represents funds held in a reserve account related to Sociedad Real Estate (see Note 3).

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Donated Goods and Services

The Organization receives donated goods, services and space in support of various aspects of its programs which are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, but which do not meet the criteria for financial statement recognition. The Organization had a variety of donated goods and services during the years ended 2023 and 2022 which were valued as follows:

- Furniture and equipment and professional services were recorded at fair value on the dates of donation as valued by the donors.
- Donated space is recorded at an estimated hourly rate for similar space as determined by the donor, who provides the renting hourly rate.
- Donated salaries/benefits are recorded at an hourly rate as determined by the level of expertise offered, the type of position, and based on a similar position for employees at the Organization.
- Donated program/other support are recorded at the fair or face value of the donated items as determined by the market price by checking various vendors and what it would have cost the Organization if it was supposed to pay.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2023 and 2022. The Organization's information returns are subject to examination by Federal and state jurisdictions.

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition* (Topic 958), the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. See Note 12 for disclosure of the Organization's conditional grants at June 30, 2023 and 2022.

Grants, contributions or donations without donor restrictions are recorded as revenue when received or unconditionally pledged. Revenues from donor restricted grants and contributions are recorded as revenue and net assets with donor restrictions when the Organization receives a commitment. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying combined financial statements as net assets released from restrictions as costs are incurred or time or program restrictions have lapsed.

Government grants and contract revenue is recorded in accordance with Topic 958 as the related services are rendered and costs are incurred.

Rental income is accounted for in accordance with Topic 842 and is recognized over the terms of the respective leases. The adoption of Topic 842 did not change how rental income was recognized in prior years. Advance receipts of rental income are classified as liabilities (prepaid rent) until earned. All rental income has been eliminated in the accompanying statements of activities and changes in net assets (see Note 8).

Other income is recorded when earned.

Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and expenses in the accompanying combined statements of activities and changes in net assets. Other revenue includes investment activity.

Allocation of Expenses

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated based on estimates of time and effort, and other expenses, which are allocated based on a combination of both time and effort and square footage.

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Pledges Receivable

Grants and pledges receivable are recorded at their net present value when unconditionally committed. As of June 30, 2023 and 2022, the discount on grants and pledges receivable due in over one year was immaterial to the accompanying combined financial statements, and therefore, not recorded.

Allowance for Doubtful Accounts and Pledges

The allowance for doubtful accounts is recorded based on management's analysis of specific accounts and pledges and their estimate of amounts that may become uncollectible, if any. There was no allowance recorded as of June 30, 2023 and 2022.

Description of Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

Operating net assets represent funds available to carry on the operations of the Organization.

Board designated represent reserve funds that the Board of Directors has designated to be used for investment purposes as of June 30, 2023 and 2022. Investment yields will be used to fund general operations, to support maintenance of the organization's newly renovated facilities including future updates, and to fund innovative strategies and/or programs of the organization.

Property and equipment net assets represent the net book value of the Organization's property and equipment, note receivable, and long-term restricted cash, net of related debt and accounts payable.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent funds contributed by donors for specific program or capital purposes or time designations. Purpose restricted net assets primarily consist of funds to support education and youth programs, in-line with the Organization's mission.

Investments

Investment income is recorded as earned. Realized gains and losses on investment transactions are recorded upon sales. Unrealized gains and losses are recognized based on fair value changes during the period. Realized and unrealized gains and losses on investments, net of fees, are reflected as investment return and are included in other revenue in the accompanying 2023 combined statement of activities and changes in net assets.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair market value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred (see Note 6).

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Furniture and equipment	3 - 5 years

Subsequent Events

Subsequent events have been evaluated through November 16, 2023, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the combined financial statements.

3. RESTRICTED CASH

Pursuant to certain loan agreements (see Note 10), Sociedad Real Estate was required to establish a reserve account with an initial balance of \$250,000, which was funded by the initial disbursement from Partnerships of Hope 32, LLC (the CDE) (see Note 8). No withdrawals are to be made from this account without the written consent of the lender. Withdrawals from this account are to be used solely to pay the compliance cost reimbursement (see Note 8) and a portion of the interest due on the loan in the amount of \$5,357 per quarter. The balance of this reserve was \$123,929 and \$157,857 as of June 30, 2023 and 2022, respectively.

4. INVESTMENTS

The following is a summary of the investment portfolio as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 7,543	\$ -	\$ -	\$ 7,543
Equities:				
Software/Technology	57,212	-	-	57,212
Retail	36,984	-	-	36,984
Pharmaceutical/Healthcare	36,355	-	-	36,355
Other common stock	65,620	-	-	65,620
Fixed income mutual funds	<u>111,466</u>	<u>-</u>	<u>-</u>	<u>111,466</u>
Total investments	<u>\$ 315,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,180</u>

Investments have been classified as non-current assets as it is management's intent to invest these funds for long-term purposes. Interest and dividend income from this portfolio is used as operating support and is included in interest and other in the accompanying statements of activities and changes in net assets. Investments are not insured and are subject to market fluctuations. Investments are valued using Level 1 inputs under the fair value hierarchy (see Note 2).

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

5. GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable are due as follows at June 30:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 955,332	\$ 532,275
Due within two to three years	\$ 650,000	\$ 70,000

The Organization has not recorded a discount on the long-term portion of grants and pledges receivable as its effect is immaterial to the combined financial statements as a whole.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 307,500	\$ 307,500
Building and improvements	3,987,483	3,987,483
Furniture and equipment	<u>241,484</u>	<u>208,824</u>
	4,536,467	4,503,807
Less - accumulated depreciation	<u>280,097</u>	<u>150,318</u>
Net property and equipment	<u>\$ 4,256,370</u>	<u>\$ 4,353,489</u>

7. CONCENTRATIONS**Funding**

The Organization receives a portion of its funding from various departments of the Commonwealth of Massachusetts and the City of Boston. These reimbursements are subject to audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of the Organization as of June 30, 2023 and 2022, or on its combined changes in net assets for the years then ended.

Funding agencies and donors exceeding 10% of the Organization's operating revenue and support or grants and pledges receivable as of and for the years ended June 30, 2023 and 2022, are as follows:

<u>Funder</u>	<u>Operating Revenue and Support %</u>		<u>Grants and Pledges Receivable %</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Governmental agencies	19%	27%	7%	33%
Private Funder A	24%	- %	65%	- %
Private Funder B	- %	6%	- %	17%
Private Funder C	- %	4%	- %	17%
Private Funder D	- %	12%	- %	- %

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

7. CONCENTRATIONS (Continued)

Credit Risk

The Organization maintains its cash balances in Massachusetts banks and is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, the cash balances exceeded the insured amount. The Organization has not experienced any losses in those accounts.

8. NEW MARKETS TAX CREDITS TRANSACTION

The Organization entered into agreements in connection with NMTC financing for the renovation of the Organization's programmatic and administrative headquarters located at 1530 Tremont Street, Roxbury, Massachusetts (the Project).

The Project was funded through a variety of sources, including a capital campaign and NMTC equity from Capital One, N.A. (Capital One). The tax credit equity was combined with proceeds from the leveraged loan from Sociedad Latina (see below) to fund COCRF Investor 168, LLC (the Investment Fund).

The NMTC program offers credits against Federal income taxes over a seven-year period for Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs) pursuant to Section 45D of the IRC in order to assist eligible businesses in making investments in certain low-income communities. Sociedad Real Estate is a Qualified Active Low Income Community Business (QALICB) and operates the Project in a manner intended to enable Sociedad Real Estate to continue to qualify as a QALICB for the purposes of the NMTC within the meaning of Section 45D(d)(2) of the IRC.

The Investment Fund, using equity proceeds from Capital One and loan proceeds from Sociedad Latina, made QEIs into the CDE for a 99.99% membership interest in the CDE. The CDE used proceeds from the QEI to provide loans to Sociedad Real Estate (see Note 10).

Note Receivable

As part of the funding of the Project, Sociedad Latina entered into the following note receivable agreement with the Investment Fund using proceeds from a loan from a bank (see Note 10) and capital campaign proceeds:

\$3,570,500 note receivable, bearing interest at 1.05%. This note requires quarterly payments of interest through December 2026. Commencing in March 2027, quarterly payments of principal and interest are due through maturity (December 2052), in accordance with the payment schedule in the note agreement. This note is secured by a first priority interest in the Investment Fund's ownership percentage in the CDE. Sociedad Latina has assigned its rights under the loan agreement to Eastern Bank as security for the prompt and complete payment of Sociedad Latina's loan obligations to Eastern Bank (see Note 10). Prepayment of this note is not allowed at any time prior to the expiration of the NMTC compliance period of seven years.

Notes Payable

As part of the NMTC financing, the CDE made two loans totaling \$4,900,000 to Sociedad Real Estate (see Note 10).

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

8. NEW MARKETS TAX CREDITS TRANSACTION (Continued)

Leases

In December 2019, Sociedad Latina and Sociedad Real Estate entered into a multi-year lease agreement for the 1530 Tremont Street Property. The lease is for thirty years through November 2049, with base rent being due in equal quarterly payments, pro-rated for partial periods. Sociedad Latina is also required to pay additional rent, as defined in the agreement.

In December 2019, Sociedad Latina and Sociedad Real Estate entered into a lease agreement to utilize the equipment associated with the 1530 Tremont Street Property. At the expiration of the lease term, Sociedad Latina may purchase the equipment from Sociedad Real Estate for the greater of the fair market value of the equipment or \$30,000. Quarterly rent payments of \$7,500 began in September 2021 and will continue through June 2025.

Rent expense for the 1530 Tremont Street Property and the equipment totaled \$103,773 and \$100,750 for fiscal years 2023 and 2022, respectively. Rental income and rent expense have been eliminated in the combined financial statements.

Future minimum lease payments as of June 30, 2022, are as follows:

<u>Fiscal Year</u>	
2023	\$ 104,546
2024	115,182
2025	133,412
2026	144,240
2027	150,464
Thereafter	<u>5,219,892</u>
	<u>\$ 5,867,736</u>

Put and Call Option

Sociedad Latina has granted Capital One the right and option (the Put Option), but not the obligation, to sell their entire interest in the Investment Fund to Sociedad Latina for certain amounts, as defined in the agreement. The Put Option may be exercised at any time during the period commencing on the last day of the compliance period and ending 180 days after the Put Exercise date (the Put Option Period).

In the event that Capital One does not exercise the Put Option during the Put Option Period, Sociedad Latina has the right and option (the Call Option), but not the obligation, to purchase the entire interest in the Investment Fund for certain amounts, as defined in the agreement, within 180 days of expiration of the Put Option Period (or 180 days from the Put Rejection Notice, if applicable).

Compliance Cost Reimbursement

In accordance with the loan agreements with the CDE (see Note 10), Sociedad Real Estate is required to pay an annual fee of \$12,500 to the CDE to cover compliance related costs of the Project. This fee is payable annually so long as the Investment Fund maintains interest in the CDE. This fee is payable annually from the Fee Reserve Account (see Note 3).

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

9. LINE OF CREDIT

Sociedad Latina entered into a line of credit agreement with a bank. Borrowings under this agreement are up to \$150,000 and are due on demand. Interest is payable monthly at the bank's base rate (8.25% and 4.75% at June 30, 2023 and 2022, respectively), plus 1%. Borrowings are secured by substantially all of Sociedad Latina's assets. Sociedad Latina is required to meet certain covenants under this agreement. Sociedad Latina was in compliance with the covenants under this agreement. There were no outstanding borrowings at June 30, 2023 and 2022.

10. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

Sociedad Latina	<u>2023</u>	<u>2022</u>
4.68% term loan payable to a bank with interest-only payments through December 2021. Commencing in January 2022, monthly payments of principal and interest of \$5,588 are due through December 2029. This note is secured by a pledge of Sociedad Latina's note receivable from the CDE (see Note 8).	\$ 899,726	\$ 923,478
Sociedad Real Estate		
1.20% note payable to the CDE (Loan A). Quarterly payments of interest only are due on this note through December 2026. Interest expense on the note payable was \$42,935 for the years ended June 30, 2023 and 2022. Commencing in March 2027, quarterly payments of principal and interest are due through maturity (December 2054) in accordance with the payment schedule in the note agreement. This note is secured by a shared security interest in the Project, an assignment of rents and leases, and any reserves of the Project.	3,570,500	3,570,500
1.20% note payable to the CDE (Loan B). Quarterly payments of interest only are due on this note through December 2026. Interest expense on the note payable was \$15,987 for the years ended June 30, 2023 and 2022. Commencing in March 2027, quarterly payments of principal and interest are due through maturity (December 2054) in accordance with the payment schedule in the note agreement. This note is secured by a shared security interest in the Project, an assignment of rents and leases, and any reserves of the Project.	<u>1,329,500</u>	<u>1,329,500</u>
Less - current portion	5,799,726	5,823,478
Less - debt issuance costs, net	24,788	23,752
	<u>199,717</u>	<u>206,337</u>
Total	<u>\$ 5,575,221</u>	<u>\$ 5,593,389</u>

Sociedad Latina has provided a guaranty of payment on Loan A and Loan B and the completion of the Project. Debt issuance costs, net consists of \$219,222 net of accumulated interest - amortization of \$19,505 and \$12,885 as of June 30, 2023 and 2022, respectively. Interest - amortization is expected to be \$6,263 for each of the next five fiscal years.

SOCIEDAD LATINA, INC. AND AFFILIATENotes to Combined Financial Statements
June 30, 2023 and 2022

10. LONG-TERM DEBT (Continued)

The long-term debt agreements contain covenants with which the Organization must comply with. The Organization was in compliance with these covenants at June 30, 2023 and 2022.

Future minimum principal payments on the long-term debt are as follows over the next five years:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 24,788
2025	\$ 26,106
2026	\$ 27,372
2027	\$ 82,670
2028	\$ 135,536

11. PAYCHECK PROTECTION PROGRAM LOAN

The Organization applied for and was awarded a forgivable loan of \$499,840 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during the covered period as defined in the CARES Act.

During fiscal year 2021, the Organization submitted the application for forgiveness and received partial forgiveness of the note in the amount of \$292,748. The remaining balance of the loan bears interest at 1% and is due in equal monthly principal and interest installments of approximately \$4,795 through April 2025 (the maturity date). As of June 30, 2023 and 2022, the Organization had a note payable balance of \$107,346 and \$163,513, respectively.

There are no covenants with which to comply, and the note is not secured by any collateral as of June 30, 2023. There is no accrued interest as of June 30, 2023 and 2022.

Future minimum principal payments on the loan (see page 16) are as follows over the next two years:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 56,731
2025	\$ 50,615

12. CONDITIONAL GRANTS

The Organization was awarded multiple other conditional commitments from private donors, which contain funder-imposed conditions that represent a barrier that must be overcome, as well as a release from obligations. The Organization recognizes related revenue from these private contributions when funder-imposed conditions are substantially met (see Note 2). Conditional promises to give at June 30, 2023, consist of grants where the conditions include:

Incurring qualifying expenses	\$ 131,366
Measurable performance barriers	<u>100,000</u>
Total conditional promises to give	<u>\$ 231,366</u>

SOCIEDAD LATINA, INC. AND AFFILIATE

Notes to Combined Financial Statements
June 30, 2023 and 2022

12. CONDITIONAL GRANTS (Continued)

As of June 30, 2023, the Organization was awarded \$839,521 in conditional contributions, of which \$553,988 was recognized as revenue and \$54,167 was recorded as conditional grant advances. Amounts recognized as revenue are included in corporate, foundation and other grants in the accompanying combined statement of activities and changes in net assets. The remaining \$231,366 of these commitments is not included in the accompanying combined financial statements.

As of June 30, 2022, the Organization was awarded \$1,000,000 in conditional contributions, of which \$445,833 was recognized as revenue and \$104,167 was recorded as conditional grant advances. Amounts recognized as revenue are included in corporate, foundation and other grants in the accompanying combined statement of activities and changes in net assets. The remaining \$450,000 of these commitments is not included in the accompanying combined financial statements.

13. RETIREMENT PLAN

The Organization has a salary reduction plan (an IRC Section 403(b) plan) (the 403(b) plan), whereby eligible employees may make elective tax deferred contributions to the 403(b) plan. Employees become eligible to participate upon hire. The Organization does not contribute to this plan.

14. RELATED PARTY TRANSACTION

A member of the Board of Directors is the program director for a grantor of the Organization. The Organization received grants of \$87,000 and \$50,000 from this grantor during fiscal years 2023 and 2022, respectively. The Board member abstains from discussions and voting matters related to their employer.

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the combined statements of financial position date for general operating purposes are as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,238,091	\$ 4,738,838
Current portion of grants and pledges receivable	<u>185,832</u>	<u>242,775</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,423,923</u>	<u>\$ 4,981,613</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization also has access to a \$150,000 line of credit (see Note 9) that can be drawn upon as needed to cover operating costs.

16. RECLASSIFICATIONS

Certain amounts in the fiscal year 2022 combined financial statements have been reclassified to conform with the fiscal year 2023 presentation.

SOCIEDAD LATINA, INC. AND AFFILIATE

 Combining Statements of Financial Position
 June 30, 2023 and 2022

Assets	2023						2022					
	Sociedad Latina, Inc.			Sociedad Real Estate Holdings, Inc.	Eliminations	Total	Sociedad Latina, Inc.			Sociedad Real Estate Holdings, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions			Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		
Current Assets:												
Cash and cash equivalents	\$ 5,151,140	\$ 1,165,137	\$ 6,316,277	\$ 86,951	\$ -	\$ 6,403,228	\$ 4,718,826	\$ 1,474,325	\$ 6,193,151	\$ 20,012	\$ -	\$ 6,213,163
Current portion of restricted cash	-	-	-	33,929	-	33,929	-	-	-	33,929	-	33,929
Current portion of grants and pledges receivable	185,832	769,500	955,332	-	-	955,332	242,775	289,500	532,275	-	-	532,275
Prepaid expenses	43,595	-	43,595	-	-	43,595	30,942	-	30,942	-	-	30,942
Total current assets	5,380,567	1,934,637	7,315,204	120,880	-	7,436,084	4,992,543	1,763,825	6,756,368	53,941	-	6,810,309
Restricted cash, net of current portion	-	-	-	90,000	-	90,000	-	-	-	123,928	-	123,928
Investments	315,180	-	315,180	-	-	315,180	-	-	-	-	-	-
Grants and Pledges Receivable, net of current portion	-	650,000	650,000	-	-	650,000	-	70,000	70,000	-	-	70,000
Note Receivable	3,570,500	-	3,570,500	-	-	3,570,500	3,570,500	-	3,570,500	-	-	3,570,500
Property and Equipment, net	32,271	-	32,271	4,428,897	(204,798)	4,256,370	-	-	-	4,558,287	(204,798)	4,353,489
Total assets	\$ 9,298,518	\$ 2,584,637	\$ 11,883,155	\$ 4,639,777	\$ (204,798)	\$ 16,318,134	\$ 8,563,043	\$ 1,833,825	\$ 10,396,868	\$ 4,736,156	\$ (204,798)	\$ 14,928,226
Liabilities and Net Assets												
Current Liabilities:												
Current portion of Paycheck Protection Program Loan	\$ 56,731	\$ -	\$ 56,731	\$ -	\$ -	\$ 56,731	\$ 56,167	\$ -	\$ 56,167	\$ -	\$ -	\$ 56,167
Current portion of long-term debt	24,788	-	24,788	-	-	24,788	23,752	-	23,752	-	-	23,752
Conditional grant advances	54,167	-	54,167	-	-	54,167	104,167	-	104,167	-	-	104,167
Accounts payable and accrued expenses	103,443	-	103,443	773	-	104,216	127,066	-	127,066	-	-	127,066
Total current liabilities	239,129	-	239,129	773	-	239,902	311,152	-	311,152	-	-	311,152
Long-Term Liabilities:												
Paycheck Protection Program Loan and accrued interest, net	50,615	-	50,615	-	-	50,615	107,346	-	107,346	-	-	107,346
Long-term debt, net	874,938	-	874,938	4,700,283	-	5,575,221	899,726	-	899,726	4,693,663	-	5,593,389
Total long-term liabilities	925,553	-	925,553	4,700,283	-	5,625,836	1,007,072	-	1,007,072	4,693,663	-	5,700,735
Total liabilities	1,164,682	-	1,164,682	4,701,056	-	5,865,738	1,318,224	-	1,318,224	4,693,663	-	6,011,887
Net Assets:												
Without donor restrictions:												
Operating	5,115,611	-	5,115,611	120,107	-	5,235,718	4,297,797	-	4,297,797	53,941	-	4,351,738
Board designated	315,180	-	315,180	-	-	315,180	300,000	-	300,000	-	-	300,000
Property and equipment	2,703,045	-	2,703,045	(181,386)	(204,798)	2,316,861	2,647,022	-	2,647,022	(11,448)	(204,798)	2,430,776
Total without donor restrictions	8,133,836	-	8,133,836	(61,279)	(204,798)	7,867,759	7,244,819	-	7,244,819	42,493	(204,798)	7,082,514
With donor restrictions:												
Purpose	-	1,912,637	1,912,637	-	-	1,912,637	-	1,558,825	1,558,825	-	-	1,558,825
Time	-	672,000	672,000	-	-	672,000	-	275,000	275,000	-	-	275,000
Total with donor restrictions	-	2,584,637	2,584,637	-	-	2,584,637	-	1,833,825	1,833,825	-	-	1,833,825
Total net assets	8,133,836	2,584,637	10,718,473	(61,279)	(204,798)	10,452,396	7,244,819	1,833,825	9,078,644	42,493	(204,798)	8,916,339
Total liabilities and net assets	\$ 9,298,518	\$ 2,584,637	\$ 11,883,155	\$ 4,639,777	\$ (204,798)	\$ 16,318,134	\$ 8,563,043	\$ 1,833,825	\$ 10,396,868	\$ 4,736,156	\$ (204,798)	\$ 14,928,226

SOCIEDAD LATINA, INC. AND AFFILIATE

 Combining Statements of Activities and Changes in Net Assets
 For the Years Ended June 30, 2023 and 2022

	2023						2022					
	Sociedad Latina, Inc.			Sociedad Real Estate Holdings, Inc.	Eliminations	Total	Sociedad Latina, Inc.			Sociedad Real Estate Holdings, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions			Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		
Operating Revenue and Support:												
Corporate, foundation and other grants	\$ 427,910	\$ 2,894,122	\$ 3,322,032	\$ -	\$ -	\$ 3,322,032	\$ 509,766	\$ 1,884,327	\$ 2,394,093	\$ -	\$ -	\$ 2,394,093
Government grants and contracts	685,405	-	685,405	-	-	685,405	753,547	-	753,547	-	-	753,547
Donated goods and services	231,744	-	231,744	-	-	231,744	133,722	-	133,722	-	-	133,722
United Way support	77,280	-	77,280	-	-	77,280	77,280	-	77,280	-	-	77,280
Individual, community and other donations	39,076	-	39,076	-	-	39,076	47,424	-	47,424	-	-	47,424
Interest and other	56,329	-	56,329	103,773	(103,773)	56,329	42,545	-	42,545	100,750	(100,750)	42,545
Net assets released from purpose restrictions	1,818,310	(1,818,310)	-	-	-	-	1,642,867	(1,642,867)	-	-	-	-
Net assets released from time restrictions	325,000	(325,000)	-	-	-	-	203,298	(203,298)	-	-	-	-
Total operating revenue and support	3,661,054	750,812	4,411,866	103,773	(103,773)	4,411,866	3,410,449	38,162	3,448,611	100,750	(100,750)	3,448,611
Operating Expenses:												
Program services:												
Youth internships	122,089	-	122,089	-	(13,750)	108,339	98,187	-	98,187	-	(13,352)	84,835
Community organizing/ Civic engagement	637,824	-	637,824	-	(27,500)	610,324	555,123	-	555,123	-	(26,704)	528,419
Education	664,774	-	664,774	-	(28,018)	636,756	586,602	-	586,602	-	(27,208)	559,394
Arts & culture	270,894	-	270,894	-	(13,750)	257,144	195,462	-	195,462	-	(13,352)	182,110
Latino network	601,088	-	601,088	-	-	601,088	702,230	-	702,230	-	-	702,230
Total program services	2,296,669	-	2,296,669	-	(83,018)	2,213,651	2,137,604	-	2,137,604	-	(80,616)	2,056,988
Support:												
General and administrative	227,383	-	227,383	207,545	(6,226)	428,702	189,734	-	189,734	207,178	(6,025)	390,887
Fundraising	260,875	-	260,875	-	(14,529)	246,346	203,931	-	203,931	-	(14,109)	189,822
Total support	488,258	-	488,258	207,545	(20,755)	675,048	393,665	-	393,665	207,178	(20,134)	580,709
Total operating expenses	2,784,927	-	2,784,927	207,545	(103,773)	2,888,699	2,531,269	-	2,531,269	207,178	(100,750)	2,637,697
Changes in net assets from operations	876,127	750,812	1,626,939	(103,772)	-	1,523,167	879,180	38,162	917,342	(106,428)	-	810,914
Other Revenue:												
Investment return	12,890	-	12,890	-	-	12,890	-	-	-	-	-	-
Changes in net assets	889,017	750,812	1,639,829	(103,772)	-	1,536,057	879,180	38,162	917,342	(106,428)	-	810,914
Net Assets:												
Beginning of year	7,244,819	1,833,825	9,078,644	42,493	(204,798)	8,916,339	6,365,639	1,795,663	8,161,302	148,921	(204,798)	8,105,425
End of year	\$ 8,133,836	\$ 2,584,637	\$ 10,718,473	\$ (61,279)	\$ (204,798)	\$ 10,452,396	\$ 7,244,819	\$ 1,833,825	\$ 9,078,644	\$ 42,493	\$ (204,798)	\$ 8,916,339

SOCIEDAD LATINA, INC. AND AFFILIATE

Combining Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Sociedad Latina, Inc.	Sociedad Real Estate Holdings, Inc.	Total	Sociedad Latina, Inc.	Sociedad Real Estate Holdings, Inc.	Total
Cash Flows from Operating Activities:						
Changes in net assets	\$ 1,639,829	\$ (103,772)	\$ 1,536,057	\$ 917,342	\$ (106,428)	\$ 810,914
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:						
Depreciation	389	129,390	129,779	-	128,928	128,928
Interest - amortization	-	6,620	6,620	-	6,622	6,622
Investment return	(12,890)	-	(12,890)	-	-	-
Bad debts	-	-	-	7,500	-	7,500
Changes in operating assets and liabilities:						
Grants and pledges receivable	(1,003,057)	-	(1,003,057)	(34,522)	-	(34,522)
Prepaid expenses	(12,653)	-	(12,653)	13,244	-	13,244
Due (to) from	-	-	-	9,582	(9,582)	-
Conditional grant advances	(50,000)	-	(50,000)	54,167	-	54,167
Accounts payable and accrued expenses	(23,623)	773	(22,850)	86,127	(80,217)	5,910
Net cash provided by (used in) operating activities	537,995	33,011	571,006	1,053,440	(60,677)	992,763
Cash Flows from Investing Activities:						
Purchases of investments	(302,290)	-	(302,290)	-	-	-
Property and equipment purchases	(32,660)	-	(32,660)	-	(118,958)	(118,958)
Net cash used in investing activities	(334,950)	-	(334,950)	-	(118,958)	(118,958)
Cash Flows from Financing Activities:						
Principal payments on Paycheck Protection Program loan	(56,167)	-	(56,167)	(43,579)	-	(43,579)
Principal payments on notes payable	(23,752)	-	(23,752)	(11,522)	-	(11,522)
Net cash used in financing activities	(79,919)	-	(79,919)	(55,101)	-	(55,101)
Net Change in Cash, Cash Equivalents and Restricted Cash	123,126	33,011	156,137	998,339	(179,635)	818,704
Cash, Cash Equivalents and Restricted Cash:						
Beginning of year	6,193,151	177,869	6,371,020	5,194,812	357,504	5,552,316
End of year	\$ 6,316,277	\$ 210,880	\$ 6,527,157	\$ 6,193,151	\$ 177,869	\$ 6,371,020
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position:						
Cash and cash equivalents	\$ 6,316,277	\$ 86,951	\$ 6,403,228	\$ 6,193,151	\$ 20,012	\$ 6,213,163
Restricted cash	-	123,929	123,929	-	157,857	157,857
Total cash, cash equivalents and restricted cash	\$ 6,316,277	\$ 210,880	\$ 6,527,157	\$ 6,193,151	\$ 177,869	\$ 6,371,020
Supplemental Disclosure of Cash Flow Information:						
Cash paid for interest	\$ 44,687	\$ 58,924	\$ 103,611	\$ 45,111	\$ 58,922	\$ 104,033

SOCIEDAD LATINA, INC. AND AFFILIATE

Combining Statement of Functional Expenses
 For the Year Ended June 30, 2023
 (With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023										2022		
	Sociedad Latina, Inc.												
	Program Services					Support							
	Youth Internships	Community Organizing/Civic Engagement	Education	Arts & Culture	Latino Network	Total Program Services	General and Administrative	Fundraising	Total	Sociedad Real Estate Holdings, Inc.	Eliminations	Total	Total
Expenses:													
Personnel and related:													
Salaries - staff	\$ 23,344	\$ 361,438	\$ 170,820	\$ 65,688	\$ 220,000	\$ 841,290	\$ 8,310	\$ 99,080	\$ 948,680	\$ -	\$ -	\$ 948,680	\$ 867,983
Youth leader stipends	8,190	41,083	83,513	64,790	-	197,576	25	59	197,660	-	-	197,660	147,159
Payroll taxes and fringe benefits	21,121	42,241	43,037	21,121	-	127,520	9,734	22,766	160,020	-	-	160,020	132,075
Total personnel and related	52,655	444,762	297,370	151,599	220,000	1,166,386	18,069	121,905	1,306,360	-	-	1,306,360	1,147,217
Other expenses:													
Consultants	22,602	57,996	97,381	50,639	380,150	608,768	114,555	86,239	809,562	-	-	809,562	783,226
Office	15,024	38,288	31,309	18,740	105	103,466	40,421	18,527	162,414	111	-	162,525	178,637
Depreciation	-	-	-	-	-	-	389	-	389	129,390	-	129,779	128,928
Interest	5,921	11,842	12,065	5,921	-	35,749	2,681	6,257	44,687	65,544	-	110,231	110,653
Program supplies	6,948	15,072	21,515	19,791	113	63,439	2,389	6,480	72,308	-	-	72,308	46,916
Program support	2,074	4,742	12,658	2,237	720	22,431	2,147	3,382	27,960	-	-	27,960	67,852
Insurance	2,747	5,494	5,598	2,747	-	16,586	1,244	2,903	20,733	-	-	20,733	17,456
Occupancy	13,750	27,500	28,018	13,750	-	83,018	6,226	14,529	103,773	12,500	(103,773)	12,500	12,500
Travel and vehicles	83	166	3,828	83	-	4,160	184	653	4,997	-	-	4,997	3,090
Total other expenses	69,149	161,100	212,372	113,908	381,088	937,617	170,236	138,970	1,246,823	207,545	(103,773)	1,350,595	1,356,758
Donated goods and services:													
Space rental	-	-	140,940	-	-	140,940	-	-	140,940	-	-	140,940	31,380
Consultants	-	-	-	-	-	-	37,816	-	37,816	-	-	37,816	268
Salary/benefits	285	21,673	5,292	5,187	-	32,437	1,002	-	33,439	-	-	33,439	32,513
Program/other support	-	10,289	8,800	200	-	19,289	260	-	19,549	-	-	19,549	24,839
Donated furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-	44,722
Total donated goods and services	285	31,962	155,032	5,387	-	192,666	39,078	-	231,744	-	-	231,744	133,722
Total expenses	\$ 122,089	\$ 637,824	\$ 664,774	\$ 270,894	\$ 601,088	\$ 2,296,669	\$ 227,383	\$ 260,875	\$ 2,784,927	\$ 207,545	\$ (103,773)	\$ 2,888,699	\$ 2,637,697

SOCIEDAD LATINA, INC. AND AFFILIATE

Combining Statement of Functional Expenses
For the Year Ended June 30, 2022

Sociedad Latina, Inc.

	Program Services					Support			Sociedad Real Estate Holdings, Inc.	Eliminations	Total	
	Youth Internships	Community Organizing/ Civic Engagement	Education	Arts & Culture	Latino Network	Total Program Services	General and Administrative	Fundraising				Total
Expenses:												
Personnel and related:												
Salaries - staff	\$ 29,513	\$ 243,314	\$ 274,278	\$ 72,862	\$ 128,000	\$ 747,967	\$ 29,993	\$ 90,023	\$ 867,983	\$ -	\$ -	\$ 867,983
Youth leader stipends	-	77,779	34,525	31,530	2,925	146,759	400	-	147,159	-	-	147,159
Payroll taxes and fringe benefits	17,412	50,870	20,017	17,412	-	105,711	7,895	18,469	132,075	-	-	132,075
Total personnel and related	46,925	371,963	328,820	121,804	130,925	1,000,437	38,288	108,492	1,147,217	-	-	1,147,217
Other expenses:												
Consultants	15,066	32,687	76,301	19,246	561,530	704,830	26,859	51,537	783,226	-	-	783,226
Office	8,723	50,579	77,711	9,465	1,998	148,476	18,751	11,202	178,429	208	-	178,637
Depreciation	-	-	-	-	-	-	-	-	-	128,928	-	128,928
Interest	5,978	11,957	12,183	5,978	-	36,096	2,698	6,317	45,111	65,542	-	110,653
Program supplies	2,367	9,024	13,768	13,593	6,519	45,271	527	1,118	46,916	-	-	46,916
Program support	1,198	18,276	3,818	1,391	1,258	25,941	38,653	3,258	67,852	-	-	67,852
Insurance	2,298	4,612	4,691	2,306	-	13,907	1,047	2,502	17,456	-	-	17,456
Occupancy	13,352	26,704	27,208	13,352	-	80,616	6,025	14,109	100,750	12,500	(100,750)	12,500
Travel and vehicles	142	24	2,897	-	-	3,063	27	-	3,090	-	-	3,090
Bad debts	-	-	-	-	-	-	7,500	-	7,500	-	-	7,500
Total other expenses	49,124	153,863	218,577	65,331	571,305	1,058,200	102,087	90,043	1,250,330	207,178	(100,750)	1,356,758
Donated goods and services:												
Space rental	-	-	31,380	-	-	31,380	-	-	31,380	-	-	31,380
Consultants	-	-	-	-	-	-	268	-	268	-	-	268
Salary/benefits	855	16,430	4,038	3,285	-	24,608	2,509	5,396	32,513	-	-	32,513
Program/other support	1,283	12,867	3,787	5,042	-	22,979	1,860	-	24,839	-	-	24,839
Donated furniture and equipment	-	-	-	-	-	-	44,722	-	44,722	-	-	44,722
Total donated goods and services	2,138	29,297	39,205	8,327	-	78,967	49,359	5,396	133,722	-	-	133,722
Total expenses	\$ 98,187	\$ 555,123	\$ 586,602	\$ 195,462	\$ 702,230	\$ 2,137,604	\$ 189,734	\$ 203,931	\$ 2,531,269	\$ 207,178	\$ (100,750)	\$ 2,637,697