

FAMILIAS EN ACCIÓN
FINANCIAL STATEMENTS
Year Ended June 30, 2020



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FAMILIAS EN ACCIÓN
FINANCIAL STATEMENTS
Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Familias En Acción
Portland, Oregon

We have audited the accompanying financial statements of Familias En Acción (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Familias En Acción as of June 30, 2020, 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.

Other Matters

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from Familias En Acción's 2019 financial statements, which were reviewed by us, and in our report dated November 13, 2019, we stated that we are not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.



Portland, Oregon
March 8, 2021

FAMILIAS EN ACCIÓN

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(With Comparative Totals as of June 30, 2019)

ASSETS

	2020	2019
	<u>(Audited)</u>	<u>(Reviewed)</u>
Cash and cash equivalents	\$ 432,286	\$ 270,467
Grants and contributions receivable	211,700	40,570
Prepaid expenses	3,127	2,409
Furniture and equipment, net	<u>6,227</u>	<u>142</u>
Total assets	<u><u>\$ 653,340</u></u>	<u><u>\$ 313,588</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 25,420	\$ 13,061
Payroll liabilities	15,623	10,386
Deferred revenue	<u>2,909</u>	<u>-</u>
Total liabilities	<u><u>43,952</u></u>	<u><u>23,447</u></u>
Net assets		
Without donor restrictions	117,783	165,771
With donor restrictions	<u>491,605</u>	<u>124,370</u>
Total net assets	<u><u>609,388</u></u>	<u><u>290,141</u></u>
Total liabilities and net assets	<u><u>\$ 653,340</u></u>	<u><u>\$ 313,588</u></u>

See notes to financial statements.

FAMILIAS EN ACCIÓN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020 (Audited)	2019 (Reviewed)
Revenues and other support				
Foundation grants	\$ -	\$ 588,500	\$ 588,500	\$ 255,975
Grants and contracts	-	227,067	227,067	181,277
Registration fees	36	-	36	60,217
Sponsorship	-	-	-	52,705
Individual contributions	12,195	100	12,295	10,758
Corporate contributions	-	60,020	60,020	28,010
In-kind revenue	15,000	-	15,000	25,900
Interest income	201	-	201	116
Other income	1,938	-	1,938	1,207
	29,370	875,687	905,057	616,165
Net assets released from restrictions	508,452	(508,452)	-	-
Total revenues and other support	537,822	367,235	905,057	616,165
Expenses				
Program services				
Food equity health & education	234,041	-	234,041	227,337
Patient navigation & support	201,005	-	201,005	156,909
Latino health equity conference	65,247	-	65,247	95,418
Total program expenses	500,293	-	500,293	479,664
Supporting services				
Management and general	76,419	-	76,419	74,364
Fundraising	9,098	-	9,098	3,751
Total expenses	585,810	-	585,810	557,779
Change in net assets	(47,988)	367,235	319,247	58,386
Net assets, beginning of year	165,771	124,370	290,141	231,755
Net assets, end of year	\$ 117,783	\$ 491,605	\$ 609,388	\$ 290,141

See notes to financial statements.

FAMILIAS EN ACCION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	PROGRAM SERVICES				SUPPORTING SERVICES		Total	
	Food Equity Health & Education	Patient Navigation & Support	Latino Health Equity Conference	Total Program	Management and General	Fund- raising	2020 (Audited)	2019 (Reviewed)
Compensation	\$ 129,937	\$ 117,331	\$ 27,541	\$ 274,809	\$ 6,707	\$ 2,700	\$ 284,216	\$ 259,968
Employee benefits	15,903	16,871	2,012	34,786	27	-	34,813	42,301
Payroll taxes	12,233	12,105	3,684	28,022	1,124	-	29,146	25,751
Accounting services	-	-	-	-	6,300	-	6,300	6,200
Bookkeeping services	-	-	-	-	13,720	-	13,720	11,198
Conference expenses	-	-	8,223	8,223	-	-	8,223	31,900
Depreciation	-	-	-	-	1,907	-	1,907	95
Dues and subscriptions	392	12	556	960	105	-	1,065	1,985
Food program expenses	800	536	846	2,182	-	-	2,182	5,008
In kind conference expenses	-	-	-	-	-	-	-	10,900
In-kind occupancy	6,000	3,750	3,000	12,750	2,250	-	15,000	15,000
Insurance	-	-	-	-	1,881	-	1,881	2,528
Occupancy	-	-	-	-	9,563	-	9,563	7,467
Office expense	3,024	3,133	2,354	8,511	6,209	130	14,850	7,044
Printing and copying	1,536	339	583	2,458	158	512	3,128	6,650
Professional services	18,812	5,140	14,735	38,687	10,632	3,070	52,389	62,767
Program supplies	10,805	946	462	12,213	-	117	12,330	7,697
Staff development	777	1,589	210	2,576	3,052	474	6,102	2,751
Telecommunications	414	360	-	774	6,773	-	7,547	4,871
Client services	2,070	24,111	-	26,181	72	-	26,253	5,727
Travel	3,887	7,003	739	11,629	1,809	2,086	15,524	19,129
Volunteer recognition	25,459	7,779	302	33,540	1,720	-	35,260	13,135
Miscellaneous	1,992	-	-	1,992	2,410	9	4,411	7,707
	\$ 234,041	\$ 201,005	\$ 65,247	\$ 500,293	\$ 76,419	\$ 9,098	\$ 585,810	\$ 557,779

See notes to financial statements.

FAMILIAS EN ACCIÓN

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
	<u>(Audited)</u>	<u>(Reviewed)</u>
Cash flows from operating activities:		
Change in net assets	\$ 319,247	\$ 58,386
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,907	95
(Increase) decrease in assets:		
Grants and contributions receivable	(171,130)	47,121
Prepaid expenses	(718)	5,835
Increase (decrease) in liabilities:		
Accounts payable	12,359	5,324
Payroll liabilities	5,237	(8,538)
Deferred revenue	2,909	-
Net cash provided by (used in) operating activities	<u>169,811</u>	<u>108,223</u>
Cash flows from investing activities:		
Purchases of property and equipment	(7,992)	-
Net cash provided by (used in) investing activities	<u>(7,992)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	161,819	-
Cash and cash equivalents, beginning of year	<u>270,467</u>	<u>162,244</u>
Cash and cash equivalents, end of year	<u>\$ 432,286</u>	<u>\$ 270,467</u>

See notes to financial statements.

FAMILIAS EN ACCIÓN

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – DESCRIPTION OF ORGANIZATION

Familias en Acción (the Organization) is a nonprofit organization working to promote holistic family well-being for Latinos through community engagement, education, research, and advocacy for social change. Our priorities include food equity, HIV information, chronic disease prevention, leadership development and elimination of health disparities.

Program services are as follows:

- **Food Equity & Health Education** – Our food equity program is called Abuela, Mama y Yo (AMY). Through AMY, we “train-the-trainers” and then they lead community classes that are four sessions. They address healthy eating, traditional values and food, accessing healthy foods and advocacy to change food policies that impact health disparities for Latinos. Familias en Acción works to educate and empower its clients by providing classes available in Spanish on chronic disease management, exercise and nutrition. The Organization also offers a monthly support group in Spanish for clients and family members which emphasizes healthy living and provides information on nutrition, fitness, patient engagement, healthcare reform, and resources for managing chronic diseases.
- **HIV Information** - In March 2020, Familias began a new program of educating Latinx about HIV and STD’s around Oregon. We received a three-year contract with the State of Oregon to join their End HIV Program and reach out to Latinx. We also received one year of funding for special HIV work in Washington County.
- **Patient Navigation & Support** – Familias en Acción works to improve access to health care for members of the Latino communities who have been diagnosed with cancer or chronic health conditions, regardless of insurance. To achieve this, the organization staffs Patient Navigators who offer resources to each client to reduce medical and pharmacy costs; reduce cultural, language and social gaps; set up appointments to see doctors and other health professionals; and to connect participants with social services.
- **Latino Health Equity Conference** – Familias en Acción hosts the annual Latino Health Equity Conference which is a forum on health equity through research, programs and policies. The conference includes a national speaker to address the latest in Latino health issues. The emphasis of the event is to bridge the gap between health research and practice to develop health equity strategies for Latinos. The target audience of the conference are health professionals and administrators; representatives from community organizations; city, county, and state personnel; public health practitioners; local health organizations, educators and researchers; and students. The June 2020 conference on climate change was cancelled due to COVID-19.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2020, two new accounting pronouncements became effective for the Organization: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”)* and *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”)*.

FAMILIAS EN ACCIÓN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Pronouncements (Continued)

ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. Revenue streams applicable to the Organization that may qualify as exchange transactions consist of program fees.

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes to its revenue recognition policies are necessary to conform with the new standard.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This guidance clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis during the year ending June 30, 2020. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of June 30, 2019.

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

FAMILIAS EN ACCIÓN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting; consequently, certain revenues are reflected in the accounts in the period in which they are considered earned, rather than received, and expenses are recorded when incurred, rather than when paid. Assets and liabilities are presented on the basis of historical cost rather than estimated current values and amounts.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort and square-footage usage estimates.

Grants Receivable

Grants and contracts receivable are uncollateralized and are recorded monthly as the related services are provided and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Receivables are considered impaired if unpaid balances are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivables will not be collected. Management has determined that an allowance for doubtful accounts was not necessary as of June 30, 2020.

Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables.

FAMILIAS EN ACCIÓN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk (Continued)

The Organization places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured. At June 30, 2020, the Organization held \$186,778 in excess of FDIC coverage.

Cash and Cash Equivalents

For purposes of these financial statements, all short-term, highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

Furniture and Equipment

Acquisitions of furniture and equipment in excess of \$500 are capitalized at cost if purchased or at fair market value at the date received as a donation. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Expenditures for maintenance and repairs are charged to expense as incurred.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE C – CONDITIONAL PROMISES TO GIVE

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

FAMILIAS EN ACCIÓN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE C – CONDITIONAL PROMISES TO GIVE (CONTINUED)

As of June 30, 2020, conditional grants for programs are as follows:

HIV outreach	\$	301,033
Latinx child health outreach		7,500
Latinx food equity events and podcasts		<u>12,800</u>
	\$	<u>321,333</u>

NOTE D – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

Furniture, fixtures and equipment	\$	17,793
Less accumulated depreciation		<u>(11,566)</u>
	\$	<u>6,227</u>

Depreciation for the year ending June 30, 2020 totaled \$1,907.

NOTE E – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions subject to purpose restrictions as of June 30, 2020 are as follows:

Food equity and health education	\$	438,947
Patient navigation		<u>52,658</u>
Total net assets with donor restrictions	\$	<u>491,605</u>

NOTE F – IN-KIND CONTRIBUTIONS

Volunteers provide many of the Organization's daily personnel needs for routine operations. The Organization estimates that 25 volunteers contributed 10-50 hours over the course of the last year, for a total of approximately 550 volunteer hours. No amounts have been recognized in the accompanying statements of activities because they did not meet the criteria for recognition.

NOTE G – RETIREMENT PLAN

The Organization sponsors a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code. The plan covers substantially all employees. The Organization contributes 1% of salaries to the plan. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. The Organization contributed \$2,800 for the year ended June 30, 2020.

FAMILIAS EN ACCIÓN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE H – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2020:

Financial assets at year-end	
Cash and cash equivalents	\$ 432,286
Grants and contributions receivable	211,700
Less amounts unavailable for use within one year:	
Purpose restricted by donor	<u>(491,605)</u>
Financial assets available to meet general expenditures within one year	\$ <u>152,381</u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 8, 2021, which is the date the financial statements were available to be issued.

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.