

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Financial Statements

For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

**To the Board of Directors
Hispanics in Philanthropy and Affiliate
Oakland, California**

We have audited the accompanying combined financial statements of Hispanics in Philanthropy (HIP) and Affiliate (collectively, the Organization) which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities, functional expenses and cash flows for the years then ended and the related notes to the combined financial statements.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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



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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2020 and 2019, and the changes in its combined net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the combined financial statements, the 2019 combined financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for the year ended December 31, 2020 for contributions made. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 22 through 25 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 relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information 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, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
June 29, 2021

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statements of Financial Position December 31, 2020 and 2019

	<u>2020</u>	<u>Restated 2019</u>
Assets		
Cash and cash equivalents	\$ 13,811,451	\$ 5,762,962
Investments	12,311,312	8,452,352
Contributions and grants receivable	2,442,594	2,088,597
Accounts receivable	27,361	27,919
Prepaid expenses and deposits	57,169	185,829
Property and equipment, net	34,217	
Total Assets	<u>\$ 28,684,104</u>	<u>\$ 16,517,659</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 153,710	\$ 181,333
Accrued liabilities	125,150	93,679
Grants payable	2,929,034	256,094
Deferred revenue	39,660	28,000
Total Liabilities	3,247,554	559,106
Net Assets:		
Without donor restrictions	17,524,621	5,295,550
With donor restrictions	7,911,929	10,663,003
Total Net Assets	<u>25,436,550</u>	<u>15,958,553</u>
Total Liabilities and Net Assets	<u>\$ 28,684,104</u>	<u>\$ 16,517,659</u>

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

**Combined Statement of Activities
For the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:			
Contributions and grants	\$ 7,049,851	\$ 21,807,835	\$ 28,857,686
Events	259,280		259,280
Memberships	798,134		798,134
Other	78,985		78,985
Investment income, net	175,871		175,871
In-Kind contributions	587,500		587,500
Paycheck Protection Program loan forgiveness		354,815	354,815
Net assets released from restrictions	24,913,724	(24,913,724)	
Total Operating Revenue	33,863,345	(2,751,074)	31,112,271
Operating Expenses:			
Program services-			
Grants awarded	14,865,118		14,865,118
Other program	6,053,276		6,053,276
Supporting services-			
General and administrative	481,799		481,799
Fundraising and development	634,382		634,382
Total Operating Expenses	22,034,575		22,034,575
Change in Net Assets From Operations	11,828,770	(2,751,074)	9,077,696
Nonoperating Activities:			
Sublease revenue	49,894		49,894
Foreign currency loss	(9,795)		(9,795)
Realized and unrealized gain on investments	360,202		360,202
Change in Net Assets From Nonoperating Activities	400,301		400,301
Change in Net Assets	12,229,071	(2,751,074)	9,477,997
Net assets, beginning of year (restated)	5,295,550	10,663,003	15,958,553
Net Assets, End of Year	\$ 17,524,621	\$ 7,911,929	\$ 25,436,550

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Restated Total
Operating Revenue:			
Contributions and grants	\$ 61,127	\$ 15,101,202	\$ 15,162,329
Events	430,596		430,596
Memberships	631,800		631,800
Other	13,702		13,702
Investment income, net	161,288		161,288
Net assets released from restrictions	6,089,782	(6,089,782)	
Total Operating Revenue	7,388,295	9,011,420	16,399,715
Operating Expenses:			
Program services-			
Grants awarded	3,091,237		3,091,237
Other program	4,161,391		4,161,391
Supporting services-			
General and administrative	421,129		421,129
Fundraising and development	278,172		278,172
Total Operating Expenses	7,951,929		7,951,929
Change in Net Assets From Operations	(563,634)	9,011,420	8,447,786
Nonoperating Activities:			
Sublease revenue	61,285		61,285
Foreign currency gain	14,044		14,044
Realized and unrealized gain on investments	398,680		398,680
Change in Net Assets From Nonoperating Activities	474,009		474,009
Change in Net Assets	(89,625)	9,011,420	8,921,795
Net assets, beginning of year	5,385,175	1,651,583	7,036,758
Net Assets, End of Year	\$ 5,295,550	\$ 10,663,003	\$ 15,958,553

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising and Development	Total
Personnel:				
Salaries	\$ 2,159,680	\$ 167,663	\$ 302,446	\$ 2,629,789
Fringe benefits	257,773	18,734	27,525	304,032
Payroll taxes	146,028	11,490	21,902	179,420
Total Personnel	2,563,481	197,887	351,873	3,113,241
Other Expenses:				
Grants awarded	14,865,118	207		14,865,325
Consultants	1,969,550	169,480	215,368	2,354,398
Training and events	99,001	683	1,289	100,973
Travel	246,689	4,609	7,679	258,977
Information technology	127,098	17,546	14,423	159,067
Occupancy	124,479	41,041	25,722	191,242
Insurance	11,602	3,171	2,225	16,998
Equipment rental and maintenance	2,814	296	592	3,702
Supplies	191,593	3,386	985	195,964
Printing and publication	3,914	18	36	3,968
Communications and marketing	25,284			25,284
Membership and fees	68,552	21,759	11,551	101,862
Depreciation	1,147	121	241	1,509
Other	30,572	21,595	2,398	54,565
In-Kind	587,500			587,500
Total Other Expenses	18,354,913	283,912	282,509	18,921,334
Total Expenses	\$ 20,918,394	\$ 481,799	\$ 634,382	\$ 22,034,575

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	General Operation and Administrative	Fundraising and Development	Total
Personnel:				
Salaries	\$ 1,614,619	\$ 183,253	\$ 140,521	\$ 1,938,393
Fringe benefits	169,463	20,608	14,667	204,738
Payroll taxes	129,772	15,370	12,128	157,270
Total Personnel	1,913,854	219,231	167,316	2,300,401
Other Expenses:				
Grants awarded	3,091,237			3,091,237
Consultants	1,041,191	115,831	72,726	1,229,748
Training and events	242,674			242,674
Travel	567,747	32,448	8,975	609,170
Information technology	99,902	7,503	4,001	111,406
Occupancy	170,939	23,002	14,106	208,047
Insurance	12,763	4,562	903	18,228
Equipment rental and maintenance	3,414	434	322	4,170
Supplies	43,656	4,386	1,612	49,654
Printing and publication	13,493	719	81	14,293
Communications and marketing	1,279		2,401	3,680
Membership and fees	2,139	4,417	3,908	10,464
Depreciation	13,373	1,631	1,305	16,309
Other	34,967	6,965	516	42,448
Total Other Expenses	5,338,774	201,898	110,856	5,651,528
Total Expenses	\$ 7,252,628	\$ 421,129	\$ 278,172	\$ 7,951,929

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	Restated 2019
Cash Flows From Operating Activities:		
Change in net assets	\$ 9,477,997	\$ 8,921,795
Adjustments to reconcile changes in net assets to net cash provided by operating activities-		
Depreciation	1,509	16,309
Realized and unrealized gain on investments	(360,202)	(398,680)
Loss on disposal of property and equipment		3,694
Change in operating assets and liabilities:		
Contributions and grants receivable	(353,997)	(881,815)
Accounts receivable	558	(77,919)
Prepaid expenses and deposits	128,660	(71,349)
Accounts payable	(27,623)	108,995
Accrued liabilities	31,471	(144,367)
Grants payable	2,672,940	14,966
Deferred revenue	11,660	(2,486,982)
Net Cash Provided by Operating Activities	11,582,973	5,004,647
Cash Flow From Investing Activities:		
Purchases of investments	(10,901,517)	(6,377,952)
Sales of investments	7,402,759	3,869,788
Purchases of property and equipment, net	(35,726)	
Net Cash Used by Investing Activities	(3,534,484)	(2,508,164)
Net Change in Cash and Cash Equivalents	8,048,489	2,496,483
Cash and cash equivalents, beginning of year	5,762,962	3,266,479
Cash and Cash Equivalents, End of Year	\$ 13,811,451	\$ 5,762,962

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Nature of Operations and Significant Accounting Policies

Hispanics in Philanthropy (HIP) was founded in 1981 as a California nonprofit public benefit corporation to promote stronger partnerships between organized philanthropy and Latino communities. Hispanics in Philanthropy Latin America (HIP LatinoAmerica) (the Affiliate) is a nonprofit company incorporated under the laws of Mexico City, United Mexican States. Formed in May 2016, HIP LatinoAmerica supports philanthropy in Mexico and LatinAmerica by facilitating the work of grassroots organizations that promote the development of LatinAmerica.

HIP's mission is to strengthen Latino leadership, influence and equity by leveraging philanthropic resources, and doing so with an unwavering focus on social justice and shared prosperity across the Americas. As a leader of a transnational network of foundations, donors, and nonprofits, HIP is making impactful investments in the Latino community and developing leaders so they can effectively address the most pressing issues impacting communities in the U.S., Latin America and the Caribbean.

HIP supports its grantees by providing access to resources from several platforms.

Grantmaking - HIP routes philanthropic funds to the grassroots Latino nonprofits that are serving the most vulnerable communities.

Capacity Building - HIP provides training to bolster grantees' core skills and help them become more resilient organizations.

Crowdfunding - Through HIP's crowdfunding platform HIPGive, grantees grow their individual donor base and build their digital communications and fundraising capacity.

Network Building - By joining HIP's transnational network, grantees gain access to prominent partners and allies from the philanthropic, nonprofit, academic and corporate spheres.

HIP is a key partner for donors looking to increase their impact and advance their goals in the Latino community.

Strategic Collaborations - HIP connects different stakeholders, from national foundations to local donors to advocates and academics, who work together to strategically achieve shared goals by strengthening the capacity of the Latino nonprofit sector.

Focused Initiatives - HIP helps donors identify the most pressing issues affecting Latino communities and create strategies to effectively support the cutting-edge nonprofits addressing them. Past initiatives have focused on health, migrant children, labor rights, education, women's rights and aging, among others.

Program Management - HIP represents the interests of donors throughout Latin America by efficiently and effectively managing their programs. HIP's comprehensive services include identifying key local actors, planning programs and budgets, making grants, building the capacity of grantees, monitoring and evaluating results, and administration.

Grantmaking - HIP creates a successful grantmaking strategy, in support of specific initiatives or communities, by identifying and building relationships with key allies in the region. HIP utilizes, and often pools, interested donor funds to leverage grantmaking opportunities in alignment with HIP's mission and values.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

Study Trips - HIP organizes exclusive study trips for philanthropy's top leaders to explore and discuss needs and priorities in Latino communities. Executives from leading foundations and corporations meet local leaders and beneficiaries in Latin America and collectively identify opportunities and strategies for investment.

Principles of Combination - The accompanying combined financial statements include the accounts of HIP and HIP LatinoAmerica (collectively, the Organization) after elimination of inter-entity accounts and activity. HIP has an economic interest in HIP LatinoAmerica, as HIP provides the majority of support for the operations of and shares programs with HIP LatinoAmerica.

Basis of Presentation - The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization has presented unclassified combined statements of financial position which sequence assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash.

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed 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 restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or through the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition -

Contributions and Grants - Contributions and grants are recognized in the period received, including unconditional pledges when promised, at their fair value.

Conditional Contributions and Grants - Conditional contributions and grants are recognized as revenue in the period in which the conditions have been satisfied.

Events - Revenue for events is recognized in the period in which the event occurs and the Organization's performance obligation has been met.

Memberships - Memberships are recognized as revenue without donor restrictions in the period received.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

Cash and Cash Equivalents - For purposes of the combined Statements of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash held in foreign banks totaled \$265,182 and \$95,280 as of December 31, 2020, respectively.

Investments - Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. The fair value of investments in securities traded on national securities exchanges is stated at the closing price on the last business day of the year. Money market accounts held in the investment portfolio are reported at cost plus accrued interest, which approximates fair value.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and investment balances. The Organization has established guidelines relative to diversification that seek to maintain safety and liquidity. Cash and cash equivalent and investment balances exceed federally insured amounts during the year. Investment securities, in general, are exposed to various risks, including interest rate, credit and overall market volatility. It is reasonably possible that changes in the values of investments will occur in the near term, and such changes could materially affect the amounts reported in the combined Statement of Financial Position.

Approximately 63% of the Organization's contribution and grant revenue was received from six donors for the year ended December 31, 2020. Approximately 67% of the Organization's contributions and grants receivable are due from one donor as of December 31, 2020. Approximately 47% of the Organization's contribution and grant revenue was received from three donors for the year ended December 31, 2019. Approximately 65% of the Organization's contributions and grants receivable are from two donors as of December 31, 2019.

Contributions and Grants Receivable - Contributions and grants receivable (unconditional promises to give) that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using risk-adjusted interest rates applicable to the years in which the promises are originally received.

Conditional grants for which conditions had not yet been met totaled approximately \$1,301,900 and \$3,694,800 as of December 31, 2020 and 2019 respectively. Conditions on this grant are expected to be satisfied and the revenue recognized within one and two years of year end, respectively.

Accounts Receivable - Accounts are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. An allowance for doubtful accounts was deemed unnecessary by management as of December 31, 2020 and 2019, respectively.

Property and Equipment - Property and equipment with estimated useful lives in excess of three years are capitalized at cost, or in the instance of donated properties, at fair value on the date of the gift. The Organization capitalizes property and equipment with costs greater than \$2,500. Depreciation is computed using the straight-line method over estimated useful lives ranging from three and ten years.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

Grants Payable - Grant expense is recognized in the period in which the grant is awarded, provided the grant is not subject to future conditions. Grants awarded but unpaid at year end are reported as grants payable in the combined statements of financial position. The Organization records a present value discount for all grants due more than one year from year end, unless the amount is immaterial. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. There were no conditional grant commitments outstanding as of December 31, 2020. Conditional grant commitments outstanding totaled \$1,028,000 as of December 31, 2019.

Deferred Revenue - Deferred revenue consists primarily of sponsorships paid in advance of the related event.

Gifts-In-Kind - The Organization recognizes as revenue and expense, in the combined statements of activities, the value of donated goods and certain services at their fair values on the date received or pledged. The fair value of donated services is recognized in the financial statements when the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing these skills and would have been purchased if not donated.

Functional Allocation of Expenses - Expenses are allocated to programs and supporting services on the basis of periodic time and expense studies and management estimates. General and administrative expenses include those that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Operating Activities - The combined statements of activities includes a change in net assets from operations. Changes in net assets that are excluded from operating results consist of realized and unrealized gains and losses on investments, foreign currency exchange gains or losses, and sublease rental income.

Foreign Currency Translation - Substantially all assets and liabilities of the Organization that are denominated in foreign currencies are translated at year end exchange rates. Revenue and expenses are translated at the average monthly exchange rates during the year. Net foreign currency translation losses totaled \$9,795 for the year ended December 31, 2020, and net foreign currency translation gains totaled \$14,044 for the year ended December 31, 2019.

Income Tax Status - HIP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). HIP is also recognized by the California Franchise Tax Board as exempt in California under the California Revenue and taxation Code Section 23701d and is, therefore, exempt from California income and franchise taxes on operations related to its exempt purpose and investment income. Accordingly, no provision for federal or state income tax has been made in these combined financial statements. HIP LatinoAmerica submits tax filings as required in Mexico.

Use of Estimates - The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Reclassifications - Certain reclassifications have been made to the prior year combined financial statements to conform to the current year presentation. Such reclassifications have no effect on the combined change in net assets or combined net asset balances as previously reported, except as noted in Note 13.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

Recent Accounting Pronouncements - The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional.

During the year ended December 31, 2019, the Organization has elected to adopt the changes from this ASU for contributions received prospectively beginning in 2019. The Organization applied this ASU to all existing grant agreements not completed as of January 1, 2019, and to all grants received in 2019, and as a result, approximately \$4,066,000 was recognized as revenue with donor restrictions in 2019 for grants that had previously been treated as conditional, including those reported as deferred revenue as of December 31, 2018.

During the year ended December 31, 2020, the Organization has elected to adopt the changes from this ASU for contributions made prospectively beginning in 2020, and accordingly, no changes have been made to combined net asset balances as of December 31, 2019. The Organization applied this ASU to all existing grant awarded that were not completed as of January 1, 2020, and to all grants made in 2020, and as a result, approximately \$1,028,000 was recognized as grant expense in 2020 for grants that had previously been treated as conditional.

Note 2 - Contributions and Grants Receivable

Contributions and grants receivable consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 2,262,394	\$ 1,854,067
Receivable in one to five years	<u>180,200</u>	<u>234,530</u>
Total Contributions and Grants Receivable	<u>\$ 2,442,594</u>	<u>\$ 2,088,597</u>

A present value discount was immaterial as of December 31, 2020 and 2019, respectively.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 3 - Investments

Investments consist of the following as of December 31:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Money markets	\$ -	\$ -	\$ 1,440,331	\$ 1,440,331
U.S. large cap	894,530	1,169,350	699,373	908,009
U.S. mid cap	515,871	597,881	324,789	360,784
U.S. small cap	912,974	657,653	684,173	393,014
International developed	398,599	478,062	182,199	206,502
Emerging markets	159,584	221,988	91,375	112,033
U.S. Treasury notes	2,984,708	3,106,972	1,727,372	1,853,943
Corporate bonds	5,336,636	5,487,960	2,932,509	2,845,333
International corporate bonds	501,632	516,446	321,868	332,403
Global high yield	75,000	75,000		
Total Investments	\$ 11,779,534	\$ 12,311,312	\$ 8,403,989	\$ 8,452,352

The return on investments and cash and cash equivalents is comprised of the following for the years ended December 31:

	2020	2019
Interest and dividends	\$ 210,943	\$ 191,890
Net realized (loss) gain on investments	(79,899)	28,435
Net unrealized gain on investments	440,101	370,245
Investment fees	(35,072)	(30,602)
Return on Investments, Net	\$ 536,073	\$ 559,968

Investment return is reported on the combined statements of activities as follows for the years ended December 31:

	2020	2019
Investment income, net	\$ 175,871	\$ 161,288
Realized and unrealized gain on investments	360,202	398,680
Return on Investments, Net	\$ 536,073	\$ 559,968

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 4 - Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. These financial instruments were valued using a market approach.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Mutual Funds - Valued using the market approach based on quote market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at year end.

Equity Securities - Valued at quoted market prices in active markets for identical assets.

Fixed Income Securities - Valued based on bid and ask data on active markets.

Money Markets - Valued at cost plus accrued interest, which approximates fair value.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 4 - Continued

Fair Values Measured on a Recurring Basis - Fair values of investments measured on a recurring basis are as follows as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds-				
U.S. mid cap	\$ 273,989	\$ -	\$ -	\$ 273,989
U.S. small cap	365,240			365,240
International developed	84,978			84,978
Fixed income mutual funds-				
Global high yield	<u>75,000</u>			<u>75,000</u>
	799,207			799,207
Equity securities-				
U.S. large cap	1,169,350			1,169,350
U.S. mid cap	323,892			323,892
U.S. small cap	292,413			292,413
International developed	393,084			393,084
Emerging markets	<u>221,988</u>			<u>221,988</u>
	2,400,727			2,400,727
Fixed income securities-				
U.S. Treasury notes	3,106,972			3,106,972
U.S. corporate bonds		5,487,960		5,487,960
International corporate bonds		<u>516,446</u>		<u>516,446</u>
	<u>3,106,972</u>	<u>6,004,406</u>		<u>9,111,378</u>
Total Investments at Fair Value	<u>\$ 6,306,906</u>	<u>\$ 6,004,406</u>	<u>\$ -</u>	<u>\$ 12,311,312</u>

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 4 - Continued

Fair values of investments measured on a recurring basis are as follows as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds-				
U.S. small cap	\$ 219,185	\$ -	\$ -	\$ 219,185
Equity securities-				
U.S. large cap	908,009			908,009
U.S. mid cap	360,784			360,784
U.S. small cap	173,829			173,829
International developed	206,502			206,502
Emerging markets	112,033			112,033
	<u>1,761,157</u>			<u>1,761,157</u>
Fixed income securities-				
U.S. corporate bonds		2,845,333		2,845,333
International corporate bonds		332,403		332,403
U.S. Treasury notes	1,853,943			1,853,943
	<u>1,853,943</u>	<u>3,177,736</u>		<u>5,031,679</u>
Money markets	<u>1,440,331</u>			<u>1,440,331</u>
Total Investments at Fair Value	<u>\$ 5,274,616</u>	<u>\$ 3,177,736</u>	<u>\$ -</u>	<u>\$ 8,452,352</u>

Note 5 - Property and Equipment

Property and equipment consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Computer equipment and software	\$ 63,611	\$ 213,729
Office furniture and equipment	1,143	1,143
Leasehold improvements	5,649	5,649
	<u>70,403</u>	<u>220,521</u>
Accumulated depreciation	<u>(36,186)</u>	<u>(220,521)</u>
Total Fixed Assets, Net	<u>\$ 34,217</u>	<u>\$ -</u>

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 6 - Grants Payable

Grants authorized to be paid in future years are payable as follows:

For the Year Ending December 31,

2021	\$ 2,294,034
2022	<u>635,000</u>
Total Grants Payable	<u>\$ 2,929,034</u>

A present value discount was immaterial as of December 31, 2020.

Note 7 - Gifts In-Kind

During the year ended December 31, 2020, the Organization received 435,185 cloth masks to be distributed to the Organization's network of farm workers, their agents, employees, members, contractors or volunteers solely for purposes of protecting farm workers during the course of the COVID-19 pandemic (Note 10). The masks were valued at retail prices in effect on the date of receipt by the Organization. The masks were fully distributed in accordance with this intended use. There were no gifts in-kind donations during the year ended December 31, 2019.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for various programs in the following locations as of December 31:

	<u>2020</u>	<u>Restated 2019</u>
Latin America region	\$ 4,131,025	\$ 7,798,044
United States region	<u>3,780,903</u>	<u>2,864,959</u>
Total Net Assets With Donor Restrictions	<u>\$ 7,911,928</u>	<u>\$ 10,663,003</u>

As of December 31, 2020 and 2019, net assets for general operations but restricted for time totaled \$500,000 and \$1,000,000 respectively.

Net assets released from restrictions for ongoing programs are as follows during the years ended December 31:

	<u>2020</u>	<u>2019</u>
Latin America region	\$ 7,900,820	\$ 3,641,845
United States region	<u>17,012,904</u>	<u>2,447,937</u>
Total Net Assets Released from Restrictions	<u>\$ 24,913,724</u>	<u>\$ 6,089,782</u>

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 9 - Commitments and Contingencies

Leases - HIP leases office space in Oakland, California. The noncancelable lease includes escalating rent payments and expires on December 31, 2022. HIP has a one year lease in New York, New York that expired in February 2020 and was renewed for one additional year. HIP LatinoAmerica leases office space in Mexico City, Mexico. The noncancelable lease includes escalating rent payments and expires on February 1, 2021.

Future minimum lease payments for noncancelable leases are as follows:

For the Year Ending December 31,

2021	\$ 122,847
2022	<u>119,245</u>
Total	<u><u>\$ 242,092</u></u>

Rent expense totaled \$187,000 and \$201,000 for the years ended December 31, 2020 and 2019, respectively.

HIP has also entered into an agreement to sublease its prior office space. The lease term is for three years and expired on October 31, 2020. Rental revenue totaled \$45,600 and \$53,120 for the years ended December 31, 2020 and 2019, respectively.

Contingencies - In the ordinary course of conducting its business, the Organization may be subjected to loss contingencies arising from general business matters or lawsuits. Management believes that the outcome of such matters, if any, will not have a material impact on the Organization's financial position or results of future operations.

Note 10 - Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 23, 2020, HIP obtained a loan under the PPP with a principal balance of \$354,815 and an annual interest rate of 1%. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The terms and conditions include, but are not limited to, spending the PPP loan funds on qualifying expenses. HIP's application for loan forgiveness was submitted on March 24, 2021 and is expected to be approved by both the lender and the Small Business Administration. In accordance with U.S. GAAP, HIP considers this loan to be a conditional grant. Since management believes it has satisfied the conditions upon which this conditional grant depends, grant revenue has been recognized for the loan forgiveness totaling \$354,815 during the year ended December 31, 2020.

Note 11 - Post Retirement Benefits

HIP has a 401(k) savings plan for all eligible employees with at least three months of service during the plan year and employed by HIP as of the last day of the plan year. At its discretion, HIP may make a contribution, to be determined annually. Employer contributions to the plan totaled \$39,938 and \$43,243 during the years ended December 31, 2020 and 2019, respectively.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 12 - Liquidity and Availability of Financial Assets

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, various receivables, and investments. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures of providing program related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization strives to maintain liquid financial assets sufficient to cover 60 days of general expenditures. The Organization's financial assets for general expenditure available within one year of the combined statements of financial position date are as follows as of December 31:

	2020	Restated 2019
Cash and cash equivalents	\$ 13,811,451	\$ 5,762,962
Investments	12,311,312	8,452,352
Contributions and grants receivable	2,442,594	2,088,597
Accounts receivable	27,361	27,919
	<u>28,592,718</u>	<u>16,331,830</u>
Less grants to be received in more than one year	(180,200)	(234,530)
Less donor restricted funds for programs	<u>(7,731,729)</u>	<u>(10,428,473)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 20,680,789</u>	<u>\$ 5,668,827</u>

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient program revenue to cover general expenditures not covered by grants or donor-restricted resources.

Note 13 - Restatement

During the year ended December 31, 2020, management identified a grant for \$1 million that had been committed to HIP during the year ended December 31, 2019 but had not been recognized as revenue and a receivable as of December 31, 2019. Accordingly, management elected to restate the 2019 financial statements to recognize this transaction in 2019.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2020 and 2019

Note 13 - Continued

The effect of this change is as follows as of and for the year ended December 31, 2019:

	<u>Originally Stated</u>	<u>Restated</u>
Statement of financial position-		
Contributions and grants receivable	\$ 1,088,597	\$ 2,088,597
Total assets	15,517,659	16,517,659
Net assets with donor restrictions	9,663,003	10,663,003
Total net assets	14,958,553	15,958,553
Statement of activities-		
Contributions and grants with donor restrictions	14,101,202	15,101,202
Total contributions and grants	14,162,329	15,162,329
Change in net assets with donor restrictions	8,011,420	9,011,420
Change in net assets	7,921,795	8,921,795

Note 14 - Subsequent Events

The Organization has evaluated subsequent events with respect to the combined financial statements for the year ended December 31, 2020 through June 29, 2021, the date on which the combined financial statements were available to be issued, and has determined no adjustments are necessary to the amount reported in the accompanying combined financial statements, nor have any events occurred, the nature of which would require disclosure except as follows.

The Organization's PPP loan, obtained on April 23, 2020 (Note 10), was forgiven by the Small Business Administration on June 9, 2021. The loan principal of \$354,815 and interest of \$4,159 were fully forgiven.

SUPPLEMENTARY INFORMATION

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Financial Position
December 31, 2020

	HIP	HIP LatinoAmerica	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 13,541,789	\$ 269,662	\$ -	\$ 13,811,451
Investments	12,311,312			12,311,312
Contributions and grants receivable	2,442,337	257		2,442,594
Accounts receivable	27,361			27,361
Prepaid expenses and deposits	48,055	9,114		57,169
Property and equipment, net	34,217			34,217
Total Assets	\$ 28,405,071	\$ 279,033	\$ -	\$ 28,684,104
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 135,278	\$ 18,432	\$ -	\$ 153,710
Accrued liabilities	102,038	23,112		125,150
Grants payable	2,929,034			2,929,034
Deferred revenue	39,660			39,660
Total Liabilities	3,206,010	41,544		3,247,554
Net Assets:				
Without donor restrictions	17,287,132	237,489		17,524,621
With donor restrictions	7,911,929			7,911,929
Total Net Assets	25,199,061	237,489		25,436,550
Total Liabilities and Net Assets	\$ 28,405,071	\$ 279,033	\$ -	\$ 28,684,104

See independent auditor's report.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Financial Position
December 31, 2019

	HIP	HIP LatinoAmerica	Eliminations	Restated Total
Assets				
Cash and cash equivalents	\$ 5,667,681	\$ 95,281	\$ -	\$ 5,762,962
Contributions and grants receivable	2,088,597			2,088,597
Accounts receivable	27,919			27,919
Prepaid expenses and deposits	181,673	4,156		185,829
Investments	8,452,352			8,452,352
Total Assets	\$ 16,418,222	\$ 99,437	\$ -	\$ 16,517,659
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 174,349	\$ 6,984	\$ -	\$ 181,333
Accrued liabilities	71,869	21,810		93,679
Grants payable	256,094			256,094
Deferred revenue	28,000			28,000
Total Liabilities	530,312	28,794		559,106
Net Assets:				
Without donor restrictions	5,224,907	70,643		5,295,550
With donor restrictions	10,663,003			10,663,003
Total Net Assets	15,887,910	70,643		15,958,553
Total Liabilities and Net Assets	\$ 16,418,222	\$ 99,437	\$ -	\$ 16,517,659

See independent auditor's report.

HISPANICS IN PHILANTHROPY AND AFFILIATE

**Combining Statement of Activities
For the Year Ended December 31, 2020**

	HIP			LatinoAmerica	Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	HIP Total	Without Donor Restrictions		
Operating Revenue:						
Contributions and grants	\$ 6,953,922	\$ 21,807,835	\$ 28,761,757	\$ 1,015,929	\$ (920,000)	\$ 28,857,686
Events	259,280		259,280			259,280
Memberships	798,134		798,134			798,134
Other	78,985		78,985			78,985
Investment income, net	175,871		175,871			175,871
In-Kind contributions	587,500		587,500			587,500
Paycheck Protection Program loan forgiveness		354,815	354,815			354,815
Net assets released from restrictions	24,913,724	(24,913,724)				
Total Operating Revenue	33,767,416	(2,751,074)	31,016,342	1,015,929	(920,000)	31,112,271
Operating Expenses:						
Program services-						
Grants awarded	15,784,085		15,784,085	1,033	(920,000)	14,865,118
Other program	5,301,835		5,301,835	751,441		6,053,276
Supporting services-						
General and administrative	394,985		394,985	86,814		481,799
Fundraising and development	634,382		634,382			634,382
Total Operating Expenses	22,115,287		22,115,287	839,288	(920,000)	22,034,575
Change in Net Assets From Operations	11,652,129	(2,751,074)	8,901,055	176,641		9,077,696
Nonoperating Activities:						
Sublease revenue	49,894		49,894			49,894
Foreign currency loss				(9,795)		(9,795)
Realized and unrealized gain on investments	360,202		360,202			360,202
Change in Net Assets From Nonoperating Activities	410,096		410,096	(9,795)		400,301
Change in Net Assets	12,062,225	(2,751,074)	9,311,151	166,846		9,477,997
Net assets, beginning of year (restated)	5,224,907	10,663,003	15,887,910	70,643		15,958,553
Net Assets, End of Year	\$ 17,287,132	\$ 7,911,929	\$ 25,199,061	\$ 237,489	\$ -	\$ 25,436,550

See independent auditor's report.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Activities
For the Year Ended December 31, 2019

	HIP		LatinoAmerica		Restated	
	Without Donor Restrictions	With Donor Restrictions	HIP Total	Without Donor Restrictions	Eliminations	Combined Total
Operating Revenue:						
Contributions and grants	\$ 58,973	\$ 15,101,202	\$ 15,160,175	\$ 1,062,904	\$ (1,060,750)	\$ 15,162,329
Events	430,596		430,596			430,596
Memberships	631,800		631,800			631,800
Other	12,468		12,468	1,234		13,702
Investment income, net	161,288		161,288			161,288
Net assets released from restrictions	6,089,782	(6,089,782)				
Total Operating Revenue	7,384,907	9,011,420	16,396,327	1,064,138	(1,060,750)	16,399,715
Operating Expenses:						
Program services-						
Grants awarded	4,151,987		4,151,987		(1,060,750)	3,091,237
Other program	3,303,032		3,303,032	858,359		4,161,391
Supporting services-						
General and administrative	295,734		295,734	125,395		421,129
Fundraising and development	226,110		226,110	52,062		278,172
Total Operating Expenses	7,976,863		7,976,863	1,035,816	(1,060,750)	7,951,929
Change in Net Assets From Operations	(591,956)	9,011,420	8,419,464	28,322		8,447,786
Nonoperating Activities:						
Sublease revenue	61,285		61,285			61,285
Foreign currency gain				14,044		14,044
Realized and unrealized gain on investments	398,680		398,680			398,680
Change in Net Assets From Nonoperating Activities	459,965		459,965	14,044		474,009
Change in Net Assets	(131,991)	9,011,420	8,879,429	42,366		8,921,795
Net assets, beginning of year	5,356,898	1,651,583	7,008,481	28,277		7,036,758
Net Assets, End of Year	\$ 5,224,907	\$ 10,663,003	\$ 15,887,910	\$ 70,643	\$ -	\$ 15,958,553

See independent auditor's report.