



HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Financial Statements

For the Years Ended December 31, 2021 and 2020

Table of Contents

	Page
Independent Auditor's Report	1 - 3
Financial Statements:	
Combined Statements of Financial Position	4
Combined Statements of Activities	5 - 6
Combined Statements of Functional Expenses	7 - 8
Combined Statements of Cash Flows	9
Notes to Combined Financial Statements	10 - 21
Supplementary Information:	
Combining Statements of Financial Position	22 - 23
Combining Statements of Activities	24 - 25

Independent Auditor's Report

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

Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit 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.

Responsibility of Management 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.

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



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 financial statements.

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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.



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 14, 2022

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statements of Financial Position December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 15,265,295	\$ 13,811,451
Investments	15,710,584	12,311,312
Contributions and grants receivable	1,479,951	2,442,594
Accounts receivable	76,619	27,361
Prepaid expenses and deposits	60,023	57,169
Property and equipment, net	197,752	34,217
Total Assets	<u>\$ 32,790,224</u>	<u>\$ 28,684,104</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 329,766	\$ 153,710
Accrued liabilities	299,549	125,150
Grants payable	2,372,488	2,929,034
Deferred revenue	39,660	39,660
Total Liabilities	<u>3,001,803</u>	<u>3,247,554</u>
Net Assets:		
Without donor restrictions	22,200,796	17,524,621
With donor restrictions	7,587,625	7,911,929
Total Net Assets	<u>29,788,421</u>	<u>25,436,550</u>
Total Liabilities and Net Assets	<u>\$ 32,790,224</u>	<u>\$ 28,684,104</u>

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:			
Contributions and grants	\$ 7,361,357	\$ 11,485,201	\$ 18,846,558
Events	453,892		453,892
Memberships	731,232		731,232
Other	5,714		5,714
Investment income, net	280,868		280,868
Net assets released from restrictions	11,809,505	(11,809,505)	
Total Operating Revenue	20,642,568	(324,304)	20,318,264
Operating Expenses:			
Program services-			
Grants awarded	7,441,399		7,441,399
Other program	7,196,969		7,196,969
Supporting services-			
General and administrative	835,335		835,335
Fundraising and development	764,492		764,492
Total Operating Expenses	16,238,195		16,238,195
Change in Net Assets From Operations	4,404,373	(324,304)	4,080,069
Nonoperating Activities:			
Foreign currency loss	(30,997)		(30,997)
Realized and unrealized gain on investments	302,799		302,799
Change in Net Assets From Nonoperating Activities	271,802		271,802
Change in Net Assets	4,676,175	(324,304)	4,351,871
Net assets, beginning of year	17,524,621	7,911,929	25,436,550
Net Assets, End of Year	\$ 22,200,796	\$ 7,587,625	\$ 29,788,421

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	Restated 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 gain	(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	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 Functional Expenses
For the Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising and Development	Total
Personnel:				
Salaries	\$ 2,912,210	\$ 455,373	\$ 350,381	\$ 3,717,964
Fringe benefits	425,115	70,478	47,677	543,270
Payroll taxes	196,973	30,547	24,612	252,132
Total Personnel	3,534,298	556,398	422,670	4,513,366
Other Expenses:				
Grants awarded	7,441,399			7,441,399
Consultants	2,509,549	176,403	292,863	2,978,815
Training and events	276,507			276,507
Travel	169,764	7,758	6,519	184,041
Information technology	290,040	35,602	18,469	344,111
Occupancy	151,694	18,902	16,416	187,012
Insurance	9,692	6,821	865	17,378
Equipment rental and maintenance		3,246		3,246
Supplies	146,605	4,814	2,080	153,499
Printing and publication	24,302			24,302
Communications and marketing	43,898			43,898
Membership and fees	35,019	14,196	4,610	53,825
Other	5,601	11,195		16,796
Total Other Expenses	11,104,070	278,937	341,822	11,724,829
Total Expenses	\$ 14,638,368	\$ 835,335	\$ 764,492	\$ 16,238,195

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

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

	Program Services	General Operation 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 Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 4,351,871	\$ 9,477,997
Adjustments to reconcile changes in net assets to net cash provided by operating activities-		
Depreciation		1,509
Realized and unrealized gain on investments	(302,799)	(360,202)
Change in operating assets and liabilities:		
Contributions and grants receivable	962,643	(353,997)
Accounts receivable	(49,258)	558
Prepaid expenses and deposits	(2,854)	128,660
Accounts payable	176,056	(27,623)
Accrued liabilities	174,399	31,471
Grants payable	(556,546)	2,672,940
Deferred revenue	(39,660)	11,660
Net Cash Provided by Operating Activities	4,713,852	11,582,973
Cash Flow From Investing Activities:		
Purchases of investments	(10,417,290)	(10,901,517)
Sales of investments	7,320,817	7,402,759
Purchases of property and equipment, net	(163,535)	(35,726)
Net Cash Used by Investing Activities	(3,260,008)	(3,534,484)
Net Change in Cash and Cash Equivalents	1,453,844	8,048,489
Cash and cash equivalents, beginning of year	13,811,451	5,762,962
Cash and Cash Equivalents, End of Year	\$ 15,265,295	\$ 13,811,451

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

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. 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, 2021 and 2020

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 most of the 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, 2021 and 2020

Note 1 - Continued

Gifts-In-Kind - The Organization recognizes 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.

Paycheck Protection Program Loan Forgiveness - HIP obtained a Paycheck Protection Program (PPP) loan available to eligible organizations under the CARES Act during the year ended December 31, 2020 (Note 9). The loan and accumulated interest totaling \$354,815 was forgiven in 2020. HIP accounted for the loan forgiveness as a conditional government grant wherein revenue was recognized in the period in which the conditions were met.

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, including an ultra-short-term bond fund, to be cash equivalents. Cash held in foreign banks totaled \$153,787 and \$265,182 as of December 31, 2021 and 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. Included in investments is an ultra-short term bond fund with immediate liquidation value for working capital support whenever the need arises.

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 61% of the Organization's contribution and grant revenue was received from three donors for the year ended December 31, 2021. Approximately 71% of the Organization's contributions and grants receivable are due from three donors as of December 31, 2021. 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 were due from one donor as of December 31, 2020.

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 \$0 and \$1,301,900 as of December 31, 2021 and 2020 respectively.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 1 - Continued

Accounts Receivable - Accounts receivable 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, 2021 and 2020, 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.

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. All grants payable that are outstanding at December 31, 2021 will be paid in 2022. Grants payable outstanding at December 31, 2020 were \$2,929,034 payable in two years. There were no conditional grant commitments outstanding as of December 31, 2021 and 2020.

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

Functional Allocation of Expenses - Expenses are allocated to programs and supporting services on the basis of periodic time and expense studies and management estimates. Expenses which apply to more than one functional category have been allocated among program and support expenses based on the time spent on these functions by specific employees as estimated by management. Indirect expenses such as equipment rental and maintenance, information technology and supplies are allocated based on the overall number of staff in various functional categories used by functional departments. All other costs are charged directly to the appropriate functional category.

Operating Activities - The combined statements of activities include 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 \$30,997 and \$9,795 for the years ended December 31, 2021 and 2020, respectively.

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.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 1 - Continued

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.

Note 2 - Contributions and Grants Receivable

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

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 804,951	\$ 2,262,394
Receivable in one to five years	<u>675,000</u>	<u>180,200</u>
Total Contributions and Grants Receivable	<u>\$ 1,479,951</u>	<u>\$ 2,442,594</u>

A present value discount was immaterial as of December 31, 2021 and 2020, respectively.

Note 3 - Investments

Investments consist of the following as of December 31:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. large cap	\$ 1,131,267	\$ 1,702,831	\$ 894,530	\$ 1,169,350
U.S. mid cap	838,091	1,074,083	515,871	597,881
U.S small cap	1,148,241	965,458	912,974	657,653
International developed	719,353	878,307	398,599	478,062
Emerging markets	277,693	303,431	159,584	221,988
U.S. Treasury notes	2,828,032	2,853,172	2,984,708	3,106,972
U.S. Corporate bonds	7,248,276	7,156,793	5,336,636	5,487,960
International corporate bonds	702,785	701,509	501,632	516,446
Global high yield	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Total Investments	<u>\$ 14,968,738</u>	<u>\$ 15,710,584</u>	<u>\$ 11,779,534</u>	<u>\$ 12,311,312</u>

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 3 - Continued

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

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 332,928	\$ 210,943
Net realized gain (loss) on investments	102,394	(79,899)
Net unrealized gain on investments	200,405	440,101
Investment fees	<u>(52,060)</u>	<u>(35,072)</u>
Return on Investments, Net	<u>\$ 583,667</u>	<u>\$ 536,073</u>

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

	<u>2021</u>	<u>2020</u>
Investment income, net	\$ 280,868	\$ 175,871
Realized and unrealized gain on investments	<u>302,799</u>	<u>360,202</u>
Return on Investments, Net	<u>\$ 583,667</u>	<u>\$ 536,073</u>

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.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 4 - Continued

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, 2021 and 2020.

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.

Fair Values Measured on a Recurring Basis - Fair values of investments measured on a recurring basis are as follows as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds-				
U.S. mid cap	\$ 514,748	\$ -	\$ -	\$ 514,748
U.S. small cap	536,255			536,255
International developed	258,108			258,108
Fixed income mutual funds-				
Global high yield	<u>75,000</u>			<u>75,000</u>
	1,384,111			1,384,111
Equity securities-				
U.S. large cap	1,702,831			1,702,831
U.S. mid cap	559,335			559,335
U.S. small cap	429,203			429,203
International developed	620,199			620,199
Emerging markets	<u>303,431</u>			<u>303,431</u>
	3,614,999			3,614,999
Fixed income securities-				
U.S. corporate bonds		7,156,793		7,156,793
International corporate bonds		701,509		701,509
U.S. Treasury notes	<u>2,853,172</u>			<u>2,853,172</u>
	<u>2,853,172</u>	<u>7,858,302</u>		<u>10,711,474</u>
Total Investments at Fair Value	<u>\$ 7,852,282</u>	<u>\$ 7,858,302</u>	<u>\$ -</u>	<u>\$ 15,710,584</u>

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 4 - Continued

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, 2021 and 2020

Note 5 - Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Computer equipment and software	\$ 63,611	\$ 63,611
Office furniture and equipment	1,143	1,143
Leasehold improvements	<u>5,649</u>	<u>5,649</u>
	70,403	70,403
Accumulated depreciation	<u>(36,186)</u>	<u>(36,186)</u>
	34,217	34,217
Internal use software - work in progress	<u>163,535</u>	<u> </u>
Total Fixed Assets, Net	<u><u>\$ 197,752</u></u>	<u><u>\$ 34,217</u></u>

Note 6 - Gifts In-Kind

There were no gifts in-kind donations during the year ended December 31, 2020. During the year ended December 31, 2020, the Organization received 435,185 in 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.

Note 7 - Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Latin America region	\$ 2,226,916	\$ 4,131,026
United States region	<u>5,360,709</u>	<u>3,780,903</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 7,587,625</u></u>	<u><u>\$ 7,911,929</u></u>

As of December 31, 2021 and 2020, net assets for general operations but restricted for time totaled \$850,000 and \$500,000 respectively. The initiatives of the Organization, as disclosed on Note 1, are holistic and dynamic; therefore, management believes the most reasonable categorization of net assets with donor restrictions is by region instead of specific project.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 7 - Continued

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

	<u>2021</u>	<u>2020</u>
Latin America region	\$ 3,955,735	\$ 7,900,820
United States region	<u>7,853,770</u>	<u>17,012,904</u>
Total Net Assets Released from Restrictions	<u>\$ 11,809,505</u>	<u>\$ 24,913,724</u>

Note 8 - 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 2021 and was renewed for one year. HIP-LatinoAmerica leases office space in Mexico City, Mexico. The lease expired in February 2022 and subsequently, a new lease was secured which expires on June 31, 2023.

Future minimum lease payments for noncancelable leases are as follows:

For the Year Ending December 31,

2022	\$ 188,751
2023	<u>9,359</u>
Total	<u>\$ 198,110</u>

Rent expense totaled \$185,000 and \$187,000 for the years ended December 31, 2021 and 2020, respectively.

HIP had an agreement to sublease its prior office space. The lease term was for three years and expired on October 31, 2020. Rental revenue totaled \$45,600 for the year ended December 31, 2020.

Note 9 - 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. In accordance with U.S. GAPP, HIP considered the loan to be a conditional grant, and management determined HIP had satisfied the conditions in 2020. Therefore, grant revenue totaling \$354,815 was recognized during the year ended December 31, 2020. HIP applied for and received full loan forgiveness from the lender and the Small Business Administration on June 9, 2021 for the principal balance of \$354,815 and \$4,159 in accrued interest.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 10 - 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 \$79,000 and \$40,000 during the years ended December 31, 2021 and 2020, respectively.

Note 11 - 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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 15,265,295	\$ 13,811,451
Investments	15,710,584	12,311,312
Contributions and grants receivable	1,479,951	2,442,594
Accounts receivable	<u>76,619</u>	<u>27,361</u>
	32,532,449	28,592,718
Less grants to be received in more than one year	(675,000)	(180,200)
Less donor restricted funds for programs	<u>(6,912,625)</u>	<u>(7,731,729)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 24,944,824</u>	<u>\$ 20,680,789</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 12 - Subsequent Events

The Organization has evaluated subsequent events with respect to the combined financial statements for the year ended December 31, 2021 through June 14, 2022, 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.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Notes to Combined Financial Statements For the Years Ended December 31, 2021 and 2020

Note 12 - Continued

In December 2021, the Organization was notified that an entity (the Entity) for which it served as fiscal sponsor received its own Internal Revenue Service tax-exempt determination under Section 501(c)(3) of the IRC. Consequently, the fiscal sponsor relationship formally ended in May 2022, and the outstanding balance of a grant receivable restricted for this entity's project totaling \$250,000 was redirected. Since the Entity's tax-exemption occurred in 2021, the Organization reduced grants receivable and grant revenue in the combined financial statements as of and for the year ended December 31, 2021.

SUPPLEMENTARY INFORMATION

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Financial Position
December 31, 2021

	HIP	HIP LatinoAmerica	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 15,111,508	\$ 153,787	\$ -	\$ 15,265,295
Investments	15,710,584			15,710,584
Contributions and grants receivable	1,479,898	53		1,479,951
Accounts receivable	76,619			76,619
Prepaid expenses and deposits	51,778	8,245		60,023
Property and equipment, net	197,752			197,752
Total Assets	\$ 32,628,139	\$ 162,085	\$ -	\$ 32,790,224
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 251,974	\$ 77,792	\$ -	\$ 329,766
Accrued liabilities	274,173	25,376		299,549
Grants payable	2,372,488			2,372,488
Deferred revenue				
Total Liabilities	2,898,635	103,168		3,001,803
Net Assets:				
Without donor restrictions	22,141,879	58,917		22,200,796
With donor restrictions	7,587,625			7,587,625
Total Net Assets	29,729,504	58,917		29,788,421
Total Liabilities and Net Assets	\$ 32,628,139	\$ 162,085	\$ -	\$ 32,790,224

See independent auditor's report.

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
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
Investments	12,311,312			12,311,312
Property and equipment, net	34,217			34,217
Total Assets	<u>\$ 28,405,071</u>	<u>\$ 279,033</u>	<u>\$ -</u>	<u>\$ 28,684,104</u>
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	<u>25,199,061</u>	<u>237,489</u>		<u>25,436,550</u>
Total Liabilities and Net Assets	<u>\$ 28,405,071</u>	<u>\$ 279,033</u>	<u>\$ -</u>	<u>\$ 28,684,104</u>

See independent auditor's report.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Activities For the Year Ended December 31, 2021

	HIP			LatinoAmerica			Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	HIP Total	Without Donor Restrictions	With Donor Restrictions	LatinoAmerica Total		
Operating Revenue:								
Contributions and grants	\$ 7,360,657	\$ 11,343,556	\$ 18,704,213	\$ 878,430	\$ 141,645	\$ 1,020,075	\$ (877,730)	\$ 18,846,558
Events	453,892		453,892					453,892
Memberships	731,232		731,232					731,232
Other	5,714		5,714					5,714
Investment income, net	280,868		280,868					280,868
Net assets released from restrictions	11,667,860	(11,667,860)		141,645	(141,645)			
Total Operating Revenue	20,500,223	(324,304)	20,175,919	1,020,075		1,020,075	(877,730)	20,318,264
Operating Expenses:								
Program services-								
Grants awarded	8,182,336		8,182,336	136,793		136,793	(877,730)	7,441,399
Other program	6,351,530		6,351,530	845,439		845,439		7,196,969
Supporting services-								
General and administrative	721,674		721,674	113,661		113,661		835,335
Fundraising and development	692,735		692,735	71,757		71,757		764,492
Total Operating Expenses	15,948,275		15,948,275	1,167,650		1,167,650	(877,730)	16,238,195
Change in Net Assets From Operations	4,551,948	(324,304)	4,227,644	(147,575)		(147,575)		4,080,069
Nonoperating Activities:								
Foreign currency loss				(30,997)		(30,997)		(30,997)
Realized and unrealized gain on investments	302,799		302,799					302,799
Change in Net Assets From Nonoperating Activities	302,799		302,799	(30,997)		(30,997)		271,802
Change in Net Assets	4,854,747	(324,304)	4,530,443	(178,572)		(178,572)		4,351,871
Net assets, beginning of year	17,287,132	7,911,929	25,199,061	237,489		237,489		25,436,550
Net Assets, End of Year	\$ 22,141,879	\$ 7,587,625	\$ 29,729,504	\$ 58,917	\$ -	\$ 58,917	\$ -	\$ 29,788,421

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 gain				(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	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.