



**HISPANICS IN PHILANTHROPY AND AFFILIATE**

Combined Financial Statements

For the Years Ended December 31, 2022 and 2021

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## 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, 2022 and 2021, 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, 2022 and 2021, 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.



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## **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 21 through 24 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 5, 2023

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Combined Statements of Financial Position December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 7,611,766	\$ 15,265,295
Investments	12,959,770	15,710,584
Contributions and grants receivable	6,368,026	1,479,951
Accounts receivable	171,418	76,619
Prepaid expenses and deposits	411,287	60,023
Property and equipment, net	<u>237,633</u>	<u>197,752</u>
<b>Total Assets</b>	<b><u>\$ 27,759,900</u></b>	<b><u>\$ 32,790,224</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 359,799	\$ 329,765
Accrued liabilities	313,312	304,497
Grants payable	3,195,808	2,367,541
Deferred revenue	<u>21,600</u>	<u></u>
<b>Total Liabilities</b>	<b>3,890,519</b>	<b>3,001,803</b>
<b>Net Assets:</b>		
Without donor restrictions	13,988,940	22,200,796
With donor restrictions	<u>9,880,441</u>	<u>7,587,625</u>
<b>Total Net Assets</b>	<b><u>23,869,381</u></b>	<b><u>29,788,421</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 27,759,900</u></b>	<b><u>\$ 32,790,224</u></b>

See accompanying notes.

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Activities  
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue:</b>			
Contributions and grants	\$ 797,635	\$ 12,158,777	\$ 12,956,412
Events	574,545		574,545
Memberships	756,846		756,846
Other	164,448		164,448
Investment income, net	282,907		282,907
Net assets released from restrictions	9,865,961	(9,865,961)	
<b>Total Operating Revenue</b>	<b>12,442,342</b>	<b>2,292,816</b>	<b>14,735,158</b>
<b>Operating Expenses:</b>			
Program services-			
Grants awarded	8,339,896		8,339,896
Other program	8,361,477		8,361,477
Supporting services-			
General and administrative	842,686		842,686
Fundraising and development	1,037,923		1,037,923
<b>Total Operating Expenses</b>	<b>18,581,982</b>		<b>18,581,982</b>
<b>Change in Net Assets From Operations</b>	<b>(6,139,640)</b>	<b>2,292,816</b>	<b>(3,846,824)</b>
<b>Nonoperating Activities:</b>			
Foreign currency loss	(10,966)		(10,966)
Realized and unrealized loss on investments	(2,061,250)		(2,061,250)
<b>Change in Net Assets From Nonoperating Activities</b>	<b>(2,072,216)</b>		<b>(2,072,216)</b>
<b>Change in Net Assets</b>	<b>(8,211,856)</b>	<b>2,292,816</b>	<b>(5,919,040)</b>
Net assets, beginning of year	22,200,796	7,587,625	29,788,421
<b>Net Assets, End of Year</b>	<b>\$ 13,988,940</b>	<b>\$ 9,880,441</b>	<b>\$ 23,869,381</b>

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
<b>Operating Revenue:</b>			
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)	
<b>Total Operating Revenue</b>	<b>20,642,568</b>	<b>(324,304)</b>	20,318,264
<b>Operating Expenses:</b>			
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
<b>Total Operating Expenses</b>	<b>16,238,195</b>		<b>16,238,195</b>
<b>Change in Net Assets From Operations</b>	<b>4,404,373</b>	<b>(324,304)</b>	<b>4,080,069</b>
<b>Nonoperating Activities:</b>			
Foreign currency gain	(30,997)		(30,997)
Realized and unrealized loss on investments	302,799		302,799
<b>Change in Net Assets From Nonoperating Activities</b>	<b>271,802</b>		<b>271,802</b>
<b>Change in Net Assets</b>	<b>4,676,175</b>	<b>(324,304)</b>	<b>4,351,871</b>
Net assets, beginning of year	17,524,621	7,911,929	25,436,550
<b>Net Assets, End of Year</b>	<b>\$ 22,200,796</b>	<b>\$ 7,587,625</b>	<b>\$ 29,788,421</b>

See accompanying notes.



HISPANICS IN PHILANTHROPY AND AFFILIATE

Combined Statement of Functional Expenses  
For the Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising and Development	Total
<b>Personnel:</b>				
Salaries	\$ 3,469,916	\$ 486,091	\$ 468,287	\$ 4,424,294
Fringe benefits	475,125	71,846	66,756	613,727
Payroll taxes	330,088	36,414	33,891	400,393
<b>Total Personnel</b>	<b>4,275,129</b>	<b>594,351</b>	<b>568,934</b>	<b>5,438,414</b>
<b>Other Expenses:</b>				
Grants awarded	8,339,896			8,339,896
Consultants	1,993,403	114,107	357,685	2,465,195
Training and events	707,137	2,596	6,239	715,972
Travel	830,979	4,750	55,314	891,043
Information technology	243,801	31,962	3,010	278,773
Occupancy	155,255	26,176	24,714	206,145
Insurance	13,898	3,547	1,619	19,064
Equipment rental and maintenance		1,874	1,874	3,748
Supplies	70,853	6,180	5,717	82,750
Printing and publication	7,308	514	93	7,915
Communications and marketing	768			768
Membership and fees	18,278	1,109	4,102	23,489
Depreciation	28,410	5,449	5,059	38,918
Other	16,258	50,071	3,563	69,892
<b>Total Other Expenses</b>	<b>12,426,244</b>	<b>248,335</b>	<b>468,989</b>	<b>13,143,568</b>
<b>Total Expenses</b>	<b>\$ 16,701,373</b>	<b>\$ 842,686</b>	<b>\$ 1,037,923</b>	<b>\$ 18,581,982</b>

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
<b>Personnel:</b>				
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
<b>Total Personnel</b>	<b>3,534,298</b>	<b>556,398</b>	<b>422,670</b>	<b>4,513,366</b>
<b>Other Expenses:</b>				
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
<b>Total Other Expenses</b>	<b>11,104,070</b>	<b>278,937</b>	<b>341,822</b>	<b>11,724,829</b>
<b>Total Expenses</b>	<b>\$ 14,638,368</b>	<b>\$ 835,335</b>	<b>\$ 764,492</b>	<b>\$ 16,238,195</b>

See accompanying notes.

**HISPANICS IN PHILANTHROPY AND AFFILIATE**

**Combined Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (5,919,040)	\$ 4,351,871
Adjustments to reconcile changes in net assets to net cash provided by operating activities-		
Depreciation	38,918	
Realized and unrealized loss (gain) on investments	2,061,250	(302,799)
Change in operating assets and liabilities:		
Contributions and grants receivable	(4,888,075)	962,643
Accounts receivable	(94,799)	(49,258)
Prepaid expenses and deposits	(351,264)	(2,854)
Accounts payable	30,034	176,056
Accrued liabilities	8,815	174,399
Grants payable	828,267	(556,546)
Deferred revenue	21,600	(39,660)
	<u>(8,264,294)</u>	<u>4,713,852</u>
<b>Net Cash (Used in) Provided by Operating Activities</b>		
<b>Cash Flow From Investing Activities:</b>		
Purchases of investments	(3,043,093)	(10,417,290)
Sales of investments	3,732,657	7,320,817
Purchases of property and equipment, net	(78,799)	(163,535)
	<u>610,765</u>	<u>(3,260,008)</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>		
<b>Net Change in Cash and Cash Equivalents</b>	<b>(7,653,529)</b>	<b>1,453,844</b>
Cash and cash equivalents, beginning of year	<u>15,265,295</u>	<u>13,811,451</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 7,611,766</u></b>	<b><u>\$ 15,265,295</u></b>

See accompanying notes.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2022 and 2021

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#### 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, 2022 and 2021

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#### 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, 2022 and 2021

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#### 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 2021. 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 \$265,045 and \$153,787 as of December 31, 2022 and 2021 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 62% of the Organization's contribution and grant revenue was received from two donors for the year ended December 31, 2022. Approximately 69% of the Organization's contributions and grants receivable are due from one donor as of December 31, 2022. 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 were due from three donors as of December 31, 2021.

**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. There were no conditional grants for which conditions had not yet been met as of December 31, 2022 and 2021.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2022 and 2021

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#### 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, 2022 and 2021, 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. \$925,000 of grants payable that are outstanding at December 31, 2022 will be paid in 2024, with the remaining balance payable in 2023. All grants payable that were outstanding at December 31, 2021 were paid in 2022. There were no conditional grant commitments outstanding as of December 31, 2022 and 2021.

**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 and foreign currency exchange gains or losses.

**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 \$10,966 and \$30,997 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021

#### 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>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 3,928,727	\$ 804,951
Receivable in one to five years	<u>2,439,299</u>	<u>675,000</u>
<b>Total Contributions and Grants Receivable</b>	<b><u>\$ 6,368,026</u></b>	<b><u>\$ 1,479,951</u></b>

A present value discount was immaterial as of December 31, 2022 and 2021, respectively.

#### Note 3 - Investments

Investments consist of the following as of December 31:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. large cap	\$ 1,260,832	\$ 1,477,579	\$ 1,131,267	\$ 1,702,831
U.S. mid cap	466,035	511,468	838,091	1,074,083
U.S small cap	552,017	525,538	1,148,241	965,458
International developed	482,085	498,104	719,353	878,307
Emerging markets	279,336	234,416	277,693	303,431
U.S. Treasury notes	3,260,261	2,986,154	2,828,032	2,853,172
U.S. corporate bonds	9,287,511	6,221,654	7,248,276	701,509
International corporate bonds	547,382	504,857	702,785	7,156,793
Global high yield			<u>75,000</u>	<u>75,000</u>
<b>Total Investments</b>	<b><u>\$ 16,135,459</u></b>	<b><u>\$ 12,959,770</u></b>	<b><u>\$ 14,968,738</u></b>	<b><u>\$ 15,710,584</u></b>



## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 3 - Continued

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 332,550	\$ 332,928
Net realized (loss) gain on investments	(143,414)	102,394
Net unrealized (loss) gain on investments	(1,917,836)	200,405
Investment fees	<u>(49,643)</u>	<u>(52,060)</u>
<b>Return on Investments, Net</b>	<b><u>\$ (1,778,343)</u></b>	<b><u>\$ 583,667</u></b>

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

	<u>2022</u>	<u>2021</u>
Investment income, net	\$ 282,907	\$ 280,868
Realized and unrealized (loss) gain on investments	<u>(2,061,250)</u>	<u>302,799</u>
<b>Return on Investments, Net</b>	<b><u>\$ (1,778,343)</u></b>	<b><u>\$ 583,667</u></b>

#### 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, 2022 and 2021

#### 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, 2022 and 2021.

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities-				
U.S. large cap	\$ 1,477,579	\$ -	\$ -	\$ 1,477,579
U.S. mid cap	511,468			511,468
U.S. small cap	525,538			525,538
International developed	498,104			498,104
Emerging markets	<u>234,416</u>			<u>234,416</u>
	3,247,105			3,247,105
Fixed income securities-				
U.S. Treasury notes	2,986,154			2,986,154
U.S. corporate bonds		6,221,654		6,221,654
International corporate bonds		<u>504,857</u>		<u>504,857</u>
	<u>2,986,154</u>	<u>6,726,511</u>		<u>9,712,665</u>
<b>Total Investments at Fair Value</b>	<b><u>\$ 6,233,259</u></b>	<b><u>\$ 6,726,511</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,959,770</u></b>

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2022 and 2021

#### Note 4 - Continued

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. Treasury notes	2,853,172			2,853,172
U.S. Corporate bonds		701,509		701,509
International corporate bonds		<u>7,156,793</u>		<u>7,156,793</u>
	<u>2,853,172</u>	<u>7,858,302</u>		<u>10,711,474</u>
<b>Total Investments at Fair Value</b>	<b><u>\$ 7,852,282</u></b>	<b><u>\$ 7,858,302</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,710,584</u></b>

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2022 and 2021

#### Note 5 - Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Computer equipment and software	\$ 270,221	\$ 63,611
Office furniture and equipment		1,143
Leasehold improvements		5,649
	270,221	70,403
Accumulated depreciation	<u>(32,588)</u>	<u>(36,186)</u>
	237,633	34,217
Internal use software - work in progress		163,535
<b>Total Property and Equipment, Net</b>	<b><u>\$ 237,633</u></b>	<b><u>\$ 197,752</u></b>

#### Note 6 - Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Latin America region	\$ 6,888,613	\$ 2,226,916
United States region	<u>2,991,828</u>	<u>5,360,709</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 9,880,441</u></b>	<b><u>\$ 7,587,625</u></b>

As of December 31, 2022 and 2021, net assets for general operations but restricted for time totaled \$175,000 and \$850,000 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.

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

	<u>2022</u>	<u>2021</u>
Latin America region	\$ 2,955,937	\$ 3,955,735
United States region	<u>6,910,024</u>	<u>7,853,770</u>
<b>Total Net Assets Released From Restrictions</b>	<b><u>\$ 9,865,961</u></b>	<b><u>\$ 11,809,505</u></b>

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 7 - Commitments and Contingencies

**Fiscal Sponsor Agreement** - The Organization entered into an agreement with the Change Philanthropy Steering Committee to act as a fiscal sponsor for the Change Philanthropy Project to establish a restricted fund to receive donations of cash and other property for support of the charitable purposes of the project. The effective period of the sponsorship is July 1, 2022 until terminated. The Organization shall deposit to the Restricted Fund all contributions received from any source, that are given for the purposes of the Project. At December 31, 2022, the Organization received \$1,500,000 in donation for the Project and included in the statement of activities.

#### Note 8 - 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%. 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. The loan forgiveness was included in grants and contributions on the statement of activities on December 31, 2021.

#### Note 9 - 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 \$85,000 and \$79,000 during the years ended December 31, 2022 and 2021, respectively.

#### Note 10 - 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.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Notes to Combined Financial Statements For the Years Ended December 31, 2022 and 2021

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#### Note 10 - Continued

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 7,611,766	\$ 15,265,295
Investments	12,959,770	15,710,584
Contributions and grants receivable	6,368,026	1,479,951
Accounts receivable	<u>171,418</u>	<u>76,619</u>
	27,110,980	32,532,449
Less grants to be received in more than one year	(2,439,299)	(675,000)
Less donor restricted funds for programs	<u>(7,441,142)</u>	<u>(6,912,625)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 17,230,539</u></b>	<b><u>\$ 24,944,824</u></b>

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization has sufficient program revenue to cover general expenditures not covered by grants or donor-restricted resources.

#### Note 11 - Subsequent Events

The Organization has evaluated subsequent events with respect to the combined financial statements for the year ended December 31, 2022 through June 5, 2023, 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.

**SUPPLEMENTARY INFORMATION**

HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Financial Position  
December 31, 2022

	HIP	HIP LatinoAmerica	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 7,346,721	\$ 265,045	\$ -	\$ 7,611,766
Investments	12,959,770			12,959,770
Contributions and grants receivable	6,368,026			6,368,026
Accounts receivable	171,418			171,418
Prepaid expenses and deposits	395,061	16,226		411,287
Property and equipment, net	237,633			237,633
<b>Total Assets</b>	<b>\$ 27,478,629</b>	<b>\$ 281,271</b>	<b>\$ -</b>	<b>\$ 27,759,900</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 303,116	\$ 56,683	\$ -	\$ 359,799
Accrued liabilities	292,792	20,520		313,312
Grants payable	3,195,808			3,195,808
Deferred revenue	21,600			21,600
<b>Total Liabilities</b>	<b>3,813,316</b>	<b>77,203</b>		<b>3,890,519</b>
<b>Net Assets:</b>				
Without donor restrictions	13,784,870	204,070		13,988,940
With donor restrictions	9,880,441			9,880,441
<b>Total Net Assets</b>	<b>23,665,311</b>	<b>204,070</b>		<b>23,869,381</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 27,478,627</b>	<b>\$ 281,273</b>	<b>\$ -</b>	<b>\$ 27,759,900</b>

See independent auditor's report.



HISPANICS IN PHILANTHROPY AND AFFILIATE

Combining Statement of Financial Position  
December 31, 2021

	HIP	HIP LatinoAmerica	Eliminations	Total
<b>Assets</b>				
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
<b>Total Assets</b>	<b><u>\$ 32,628,139</u></b>	<b><u>\$ 162,085</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 32,790,224</u></b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 251,973	\$ 77,792	\$ -	\$ 329,765
Accrued liabilities	279,121	25,376		304,497
Grants payable	2,367,541			2,367,541
<b>Total Liabilities</b>	<b>2,898,635</b>	<b>103,168</b>		<b>3,001,803</b>
<b>Net Assets:</b>				
Without donor restrictions	22,141,879	58,917		22,200,796
With donor restrictions	7,587,625			7,587,625
<b>Total Net Assets</b>	<b><u>29,729,504</u></b>	<b><u>58,917</u></b>		<b><u>29,788,421</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 32,628,139</u></b>	<b><u>\$ 162,085</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 32,790,224</u></b>

See independent auditor's report.

## HISPANICS IN PHILANTHROPY AND AFFILIATE

### Combining Statement of Activities For the Year Ended December 31, 2022

	HIP			LatinoAmerica		Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	HIP Total	Without Donor Restrictions	LatinoAmerica Total		
<b>Operating Revenue:</b>							
Contributions and grants	\$ 672,492	\$ 12,158,777	\$ 12,831,269	\$ 1,554,143	\$ 1,554,143	\$ (1,429,000)	\$ 12,956,412
Events	574,545		574,545				574,545
Memberships	756,846		756,846				756,846
Other	164,448		164,448				164,448
Investment income, net	282,907		282,907				282,907
Net assets released from restrictions	9,865,961	(9,865,961)					
<b>Total Operating Revenue</b>	<b>12,317,199</b>	<b>2,292,816</b>	<b>14,610,015</b>	<b>1,554,143</b>	<b>1,554,143</b>	<b>(1,429,000)</b>	<b>14,735,158</b>
<b>Operating Expenses:</b>							
Program services-							
Grants awarded	9,684,790		9,684,790	84,106	84,106	(1,429,000)	8,339,896
Other program	7,175,342		7,175,342	1,186,135	1,186,135		8,361,477
Supporting services-							
General and administrative	760,324		760,324	82,362	82,362		842,686
Fundraising and development	992,502		992,502	45,421	45,421		1,037,923
<b>Total Operating Expenses</b>	<b>18,612,958</b>		<b>18,612,958</b>	<b>1,398,024</b>	<b>1,398,024</b>	<b>(1,429,000)</b>	<b>18,581,982</b>
<b>Change in Net Assets From Operations</b>	<b>(6,295,759)</b>	<b>2,292,816</b>	<b>(4,002,943)</b>	<b>156,119</b>	<b>156,119</b>		<b>(3,846,824)</b>
<b>Nonoperating Activities:</b>							
Foreign currency loss				(10,966)	(10,966)		(10,966)
Realized and unrealized loss on investments	(2,061,250)		(2,061,250)				(2,061,250)
<b>Change in Net Assets From Nonoperating Activities</b>	<b>(2,061,250)</b>		<b>(2,061,250)</b>	<b>(10,966)</b>	<b>(10,966)</b>		<b>(2,072,216)</b>
<b>Change in Net Assets</b>	<b>(8,357,009)</b>	<b>2,292,816</b>	<b>(6,064,193)</b>	<b>145,153</b>	<b>145,153</b>		<b>(5,919,040)</b>
Net assets, beginning of year	22,141,879	7,587,625	29,729,504	58,917	58,917		29,788,421
<b>Net Assets, End of Year</b>	<b>\$ 13,784,870</b>	<b>\$ 9,880,441</b>	<b>\$ 23,665,311</b>	<b>\$ 204,070</b>	<b>\$ 204,070</b>	<b>\$ -</b>	<b>\$ 23,869,381</b>

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		
<b>Operating Revenue:</b>								
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)			
<b>Total Operating Revenue</b>	<b>20,500,223</b>	<b>(324,304)</b>	<b>20,175,919</b>	<b>1,020,075</b>		<b>1,020,075</b>	<b>(877,730)</b>	<b>20,318,264</b>
<b>Operating Expenses:</b>								
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
<b>Total Operating Expenses</b>	<b>15,948,275</b>		<b>15,948,275</b>	<b>1,167,650</b>		<b>1,167,650</b>	<b>(877,730)</b>	<b>16,238,195</b>
<b>Change in Net Assets From Operations</b>	<b>4,551,948</b>	<b>(324,304)</b>	<b>4,227,644</b>	<b>(147,575)</b>		<b>(147,575)</b>		<b>4,080,069</b>
<b>Nonoperating Activities:</b>								
Foreign currency gain				(30,997)		(30,997)		(30,997)
Realized and unrealized gain on investments	302,799		302,799					302,799
<b>Change in Net Assets From Nonoperating Activities</b>	<b>302,799</b>		<b>302,799</b>	<b>(30,997)</b>		<b>(30,997)</b>		<b>271,802</b>
<b>Change in Net Assets</b>	<b>4,854,747</b>	<b>(324,304)</b>	<b>4,530,443</b>	<b>(178,572)</b>		<b>(178,572)</b>		<b>4,351,871</b>
Net assets, beginning of year	17,287,132	7,911,929	25,199,061	237,489		237,489		25,436,550
<b>Net Assets, End of Year</b>	<b>\$ 22,141,879</b>	<b>\$ 7,587,625</b>	<b>\$ 29,729,504</b>	<b>\$ 58,917</b>	<b>\$ -</b>	<b>\$ 58,917</b>	<b>\$ -</b>	<b>\$ 29,788,421</b>

See independent auditor's report.