

**HISPANIC UNITY OF FLORIDA, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

# HISPANIC UNITY OF FLORIDA, INC.

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CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Audit Committee  
Hispanic Unity of Florida, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Hispanic Unity of Florida, Inc. (the "Organization") which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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



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### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2017, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Caballero Fierman Llerena + Garcia, LLP*

Caballero Fierman Llerena + Garcia, LLP  
Coral Gables, Florida  
April 11, 2018

**HISPANIC UNITY OF FLORIDA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 1,086,923	\$ 988,828
Grants receivable	276,755	239,168
Unconditional promises to give, net	311,104	777,400
Prepaid expenses	<u>54,195</u>	<u>44,767</u>
Total Current Assets	<u>1,728,977</u>	<u>2,050,163</u>
Non-Current Assets		
Long term unconditional promises to give	29,285	69,355
Property and equipment, net	1,464,107	1,465,911
Deposits and other assets	<u>18,591</u>	<u>19,068</u>
Total Non-Current Assets	<u>1,511,983</u>	<u>1,554,334</u>
Total Assets	<u>\$ 3,240,960</u>	<u>\$ 3,604,497</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 256,085	\$ 266,842
Mortgages payable, current portion	40,753	38,645
Lines of credit	<u>100,000</u>	<u>-</u>
Total Current Liabilities	<u>396,838</u>	<u>305,487</u>
Noncurrent Liabilities		
Mortgages payable, net of current portion	<u>714,605</u>	<u>755,358</u>
Total Non-Current Liabilities	<u>714,605</u>	<u>755,358</u>
Total Liabilities	<u>1,111,443</u>	<u>1,060,845</u>
Net Assets		
Unrestricted	857,290	1,045,897
Temporarily restricted	<u>1,272,227</u>	<u>1,497,755</u>
Total Net Assets	<u>2,129,517</u>	<u>2,543,652</u>
Total Liabilities and Net Assets	<u>\$ 3,240,960</u>	<u>\$ 3,604,497</u>

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

**HISPANIC UNITY OF FLORIDA, INC.**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2017**  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and Other Support:				
Contributions	\$ 438,654	\$ 1,290,865	\$ 1,729,519	\$ 2,176,683
Special events	82,800	-	82,800	83,785
Grants from governmental agencies	2,453,208	-	2,453,208	2,298,915
Other grants and fees	253,405	-	253,405	283,796
Miscellaneous	78,722	199,111	277,833	243,736
Donations, in-kind	26,069	-	26,069	36,667
Net assets released from restrictions:				
Satisfaction of time restrictions	1,335,149	(1,335,149)	-	-
Satisfaction of program and purpose restrictions	<u>380,355</u>	<u>(380,355)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	<u>5,048,362</u>	<u>(225,528)</u>	<u>4,822,834</u>	<u>5,123,582</u>
Expenses:				
Program services	5,047,026	-	5,047,026	4,653,605
Management and general	146,785	-	146,785	136,719
Fundraising	<u>43,158</u>	<u>-</u>	<u>43,158</u>	<u>38,993</u>
Total Expenses	<u>5,236,969</u>	<u>-</u>	<u>5,236,969</u>	<u>4,829,317</u>
Change in Net Assets	(188,607)	(225,528)	(414,135)	294,265
Net Assets - Beginning of Year	<u>1,045,897</u>	<u>1,497,755</u>	<u>2,543,652</u>	<u>2,249,387</u>
Net Assets - End of Year	<u>\$ 857,290</u>	<u>\$ 1,272,227</u>	<u>\$ 2,129,517</u>	<u>\$ 2,543,652</u>

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

**HISPANIC UNITY OF FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**DECEMBER 31, 2017**  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

	2017						2016	
	<u>Education</u>	<u>Economic Development</u>	<u>Civic Engagement</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 1,894,537	\$ 1,425,037	\$ 409,551	\$ 3,729,125	\$ 106,334	\$ 12,061	\$ 3,847,520	\$ 3,448,531
Advertising and Public Relations	9,689	9,689	4,844	24,222	-	2,691	26,913	25,050
Audit Fees	-	-	-	-	25,004	-	25,004	22,992
Bank Service Charges	3,651	3,651	1,825	9,127	1,014	-	10,141	14,781
Dues and Subscriptions	2,939	2,939	4,470	10,348	114	703	11,165	10,677
Employee Events	2,297	2,227	1,114	5,638	573	46	6,257	4,200
Information Technology	15,726	24,048	4,467	44,241	847	747	45,835	47,570
In-Kind	9,385	9,385	4,692	23,462	2,607	-	26,069	36,667
Insurance - General	14,026	16,198	3,838	34,062	170	68	34,300	41,162
Interest	3,809	2,984	1,033	7,826	51	10	7,887	4,857
Licenses and Permits	972	683	342	1,997	190	-	2,187	496
Occupancy	144,286	114,593	38,198	297,077	2,410	475	299,962	275,734
Office Supplies and Expense	68,671	84,870	26,070	179,611	2,319	1,668	183,598	177,626
Professional Fees	41,510	32,311	6,497	80,318	3,170	155	83,643	202,954
Program Expenses	240,807	130,215	14,503	385,525	-	-	385,525	316,483
Special Event Expenses	-	-	-	-	-	23,671	23,671	19,891
Staff Training	27,756	33,521	6,548	67,825	1,232	502	69,559	43,596
Travel	15,430	12,474	1,981	29,885	165	17	30,067	19,415
Total Expenses before Depreciation	2,495,491	1,904,825	529,973	4,930,289	146,200	42,814	5,119,303	4,712,682
Depreciation	50,722	54,553	11,462	116,737	585	344	117,666	116,635
Total Functional Expenses	<u>\$ 2,546,213</u>	<u>\$ 1,959,378</u>	<u>\$ 541,435</u>	<u>\$ 5,047,026</u>	<u>\$ 146,785</u>	<u>\$ 43,158</u>	<u>\$ 5,236,969</u>	<u>\$ 4,829,317</u>

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

**HISPANIC UNITY OF FLORIDA, INC.**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2017**  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (414,135)	\$ 294,265
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Depreciation	117,666	116,635
Changes in assets and liabilities		
(Increase) in grants receivable	(37,587)	(63,518)
(Increase) decrease in unconditional promises to give	506,366	(293,165)
(Increase) in prepaid expenses	(9,428)	(11,453)
(Increase) in security deposits and other assets	-	(13,504)
Increase (decrease) in accounts payable and accrued expenses	<u>(10,757)</u>	<u>94,058</u>
Total adjustments	<u>566,260</u>	<u>(170,947)</u>
Net Cash Provided by Operating Activities	<u>152,125</u>	<u>123,318</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	<u>(115,385)</u>	<u>(88,202)</u>
Net Cash (Used in) Investing Activities	<u>(115,385)</u>	<u>(88,202)</u>
Cash Flows from Financing Activities		
Net Advance (Repayment) of line of credit	100,000	(190,683)
Borrowing (Repayment) of mortgage note	<u>(38,645)</u>	<u>490,302</u>
Net Cash Provided by Financing Activities	<u>61,355</u>	<u>299,619</u>
Increase in Cash	98,095	334,735
Cash - Beginning of Year	<u>988,828</u>	<u>654,093</u>
Cash - End of Year	<u>\$ 1,086,923</u>	<u>\$ 988,828</u>
Supplemental Disclosures		
Interest paid during the year	<u>\$ 49,293</u>	<u>\$ 44,677</u>

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



**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 – ORGANIZATION AND PURPOSE**

Hispanic Unity of Florida, Inc. (“HUF” or “the Organization”) was founded 36 years ago by community leaders to ease the acculturation transition for newcomers from other nations. Today, HUF is Broward County’s largest 501(c) (3) dedicated to the immigrant population and provides comprehensive social services that strengthen the lives of South Florida residents through a diverse spectrum of integrated program services to individuals annually.

This agency has left an indelible mark on the more than 415,000 individuals and families served, and continues to be guided by its mission: *Empowering immigrants and others to become self-sufficient, productive and civically engaged.*

With 12 programs and more than 30 services offered in four languages, this agency is able to serve South Florida’s diverse community. Two-thirds of HUF’s clients hail from Latin nations and the Caribbean, complemented by American-born clients, including African-Americans, Caucasians and others.

In 2017, HUF served 15,000 clients, from toddlers to adults, from more than 30 countries. HUF offers assistance from two administrative offices, 12 school sites, 18 free tax preparation sites and 20 citizenship services sites in South Florida. This agency focused on five major areas: Language & Education, Economic Mobility & Entrepreneurship, Citizenship & Civic Engagement, and also provided services in the areas of Health & Well-Being, Equal Treatment & Opportunity, and Advocacy.

HUF’s programs and services have ensured a productive and self-sufficient pathway to prosperity for immigrants, low-income individuals and families, and other at-risk populations.

These services include: English as a second language (ESL) classes offered in-house. Immigration services are provided through its various partners and in-house naturalization assistance and citizenship classes at 20 citizenship services sites in South Florida. A year-round comprehensive youth development program is provided with a case management component for middle and high school at-risk youth at four middle schools in Broward County Public Schools (BCPS). In addition, high school students at two schools receive year-round career and college readiness support. At eight elementary and two middle Broward public schools, an evidence-based family strengthening and training program is provided, which is designed to build nurturing parenting skills as an alternative to abusive and neglecting parenting and child-rearing practices. HUF proudly serves 3-5 year olds in a licensed, nationally-accredited, five-star preschool. Clients enrolled in the Center for Working Families program are coached and educated in an integrated service delivery model that incorporates career coaching, financial literacy, free tax preparation, work readiness and employment assistance, and small business entrepreneurship. The agency also provides the *Te Ayudo* (We can help you) program, where clients access public benefits, through the Supplemental Nutrition Assistance Program (SNAP). In addition, more than 1,000 emerging and existing small business owners receive guidance through workshops, one-on-one coaching, and an annual Entrepreneur Summit focused on how to grow and strengthen their businesses.

**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Statement Presentation**

The 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 (“GAAP”). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues and expenses that are not changes in permanently or temporarily restricted net assets are considered to be unrestricted net assets.

Temporarily Restricted – Net assets used by the Organization which are limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted – Net assets held by the Organization which are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets as of December 31, 2017 and 2016.

**B. Concentration of Credit Risk**

Financial instruments which potentially expose the Organization to concentrations of credit risk consist principally of cash, grants receivable and unconditional promises to give.

Cash - Financial instruments that potentially subject the Organization to concentrations of credit risk consist of deposit accounts. The Organization maintains these balances in what it believes to be high quality financial institutions, which it believes limits its risk. As of December 31, 2017 and 2016, the Organization had balances of approximately \$800,000 and \$700,000, respectively in excess of insurance limits covered by the Federal Deposit Insurance Corporation (“FDIC”).

Grants Receivable and Unconditional Promises to Give - Grants receivable and unconditional promises to give consist principally of amounts due from grantor agencies pursuant to the terms of the respective grant agreements and pledges from donors, respectively. Grants receivable and unconditional promises to give are stated at net realizable value. Allowances are provided for amounts estimated to be uncollectible based on historical experience and any specific collection issues that the Organization has identified. It is the Organization’s policy to charge uncollectible amounts against the allowance when management determines that the related balance will not be collected. As of December 31, 2017 and 2016, the allowance for doubtful accounts was approximately \$4,500.

As of December 31, 2017 and 2016, approximately 93% and 75%, respectively, of grants receivable were due from two granting agencies.

As of December 31, 2017 and 2016, approximately 44% and 41%, respectively, of unconditional promises to give were due from one donor.

For the years ended December 31, 2017 and 2016, approximately 76% of grant revenue was from one granting agency.

**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Property and Equipment**

The Organization has established a policy whereby all expenses in excess of \$500 with a useful life greater than three years are capitalized and depreciated. Property and equipment are stated at cost or if donated, at fair value at the date of donation. Depreciation is calculated using the straight-line method over estimated useful lives ranging from 3 to 39 years. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are recognized.

**D. Contributions**

Contributions and gifts received with no restrictions or specified uses identified by the donor are included in unrestricted revenue in the statement of activities when notification is received. Contributions received with donor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted revenue in the statement of activities when notification is received.

When donor restrictions expire or are fulfilled by actions of the Organization, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**E. Grants from Governmental Agencies**

Grants from governmental agencies are recognized as revenue when the grant funds have been expended in accordance with the grant provisions of the respective agreements.

**F. Fund-Raising Activities**

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 "Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that Included Fund Raising". FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any specific function but which provide for the overall support and direction of the Organization.

**G. Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been detailed in the statement of functional expenses and is summarized on a functional basis in the statement of activities. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the time spent.

**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Advertising**

The Organization expenses advertising and public relations costs as incurred. Advertising and public relations expense for the years ended December 31, 2017 and 2016 was approximately \$27,000 and \$25,000, respectively.

**I. Contributed Goods and Services**

Contributed goods and services are reflected in the financial statements at their estimated fair value, if reasonably determined. The contributions of services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. For the years ended December 31, 2017 and 2016, donated professional fees in-kind aggregated approximately \$26,000 and \$37,000, respectively.

Services provided by volunteers throughout the year are not recognized as contributions in the financial statements and do not qualify as such since these services are not susceptible to objective measurement or valuation.

**J. Promises to Give**

Unconditional promises to give cash and other assets to the Organization are reported at fair value as of the date the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at 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. Management provides for possible uncollectible amounts based on its assessment of prior years' experience and management's analysis of specific promises made. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**K. Income Taxes**

The Organization is a not-for-profit organization and a public charity, as described in section 501(c)(3) and 509(a) of the Internal Revenue Code, and exempt from Federal income taxes, except that unrelated business income is taxable. The Organization had no unrelated business income during the years ended December 31, 2017 and 2016.

GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2017 and 2016, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations by tax authorities for the years prior to 2014.

**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Comparative Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**M. Use of Estimates**

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates.

**N. Subsequent Events**

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 11, 2018, the date the financial statements were available to be issued. No other events were identified during this review of subsequent events that required adjustment to or disclosure within these financial statements.

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

As of December 31, 2017 and 2016, the Organization has received unconditional promises to give as follows:

	2017	2016
Due within one year	\$ 315,644	\$ 781,940
Due within one to five years	<u>30,000</u>	<u>70,000</u>
	345,644	851,940
Less: allowance for doubtful accounts	(4,540)	(4,540)
Less: present value discount	<u>(715)</u>	<u>(645)</u>
<b>Unconditional Promises to Give</b>	<b><u>\$ 340,389</u></b>	<b><u>\$ 846,755</u></b>

**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 4 – PROPERTY AND EQUIPMENT**

As of December 31, 2017 and 2016, property and equipment consists of the following:

	2017	2016
Building and improvements	\$ 1,900,065	\$ 1,858,047
Computer equipment	138,109	244,749
Office equipment	64,045	78,145
Furniture	71,753	70,183
Science lab equipment	44,641	44,641
Web Design	14,144	14,144
	2,232,757	2,309,909
Less: accumulated depreciation	(1,226,756)	(1,302,104)
	1,006,001	1,007,805
Land	458,106	458,106
<b>Property and Equipment, Net</b>	<b>\$ 1,464,107</b>	<b>\$ 1,465,911</b>

Depreciation expense for the years ended December 31, 2017 and 2016 was approximately \$117,000 and \$116,000, respectively.

**NOTE 5 – LONG-TERM DEBT**

As of December 31, 2017 and 2016, long-term debt consists of the following:

	2017	2016
<b>Mortgage Payable</b>		
Mortgage to financial institution; interest at 5.25% per annum from February 26, 2016 until paid in full. Loan is payable in 180 monthly installments of \$6,664. Final payment will be due February 26, 2031. Payments include principal and interest.	\$ 755,358	\$ 794,003
<b>Total Long-Term Debt</b>	<b>\$ 755,358</b>	<b>\$ 794,003</b>

**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 5 – LONG-TERM DEBT (Continued)**

Interest expense for the years ended December 31, 2017 and 2016 amounted to approximately \$41,000 and \$40,000, respectively. The following is a schedule of future principal payments of the long-term debts:

For the Year Ending December 31,	Amount
2018	\$ 40,753
2019	42,976
2020	45,219
2021	47,787
2022	50,393
Thereafter	<u>528,230</u>
<b>Total</b>	<b><u>\$ 755,358</u></b>

The Board of Directors, during the 2016-2020 Strategic Planning process, determined the agency needed additional working capital for the Organization to provide new services and to increase existing services. The capital would be secured by refinancing the Organization’s two mortgages. On February 26, 2016, the Board of Directors decided to refinance the Organization’s property mortgages. The amount of the loan was \$825,000 with an annual interest rate of 5.25% over 15 years and requires monthly principal and interest payments of \$6,664. Said refinancing increased the monthly loan payments by approximately \$1,200 a month.

The refinancing provided additional working capital to execute the Organization’s vision for the future. The strategic plan required a diversification to multi-year government and/or foundation grants and the ability to maximize fundraising capacity for unrestricted funding. Both of these goals required increasing capacity and hiring of additional personnel. The financial results for 2017 and 2018 - and beyond - will reflect this investment and the Organization’s growth.

**NOTE 6 – AVAILABLE LINE OF CREDIT**

The Organization has a demand bank line of credit (“LOC”) in the amount of \$200,000. The LOC is subject to interest at the bank’s prime rate (4.50% at December 31, 2017) plus 1.75%. The LOC requires monthly interest-only payments with the outstanding balance due at maturity, June 2018. The LOC is renewable on an annual basis and is collateralized by the Organization’s receivables and promises to give. As of December 31, 2017 and 2016, the LOC outstanding balance was approximately \$100,000 and \$0, respectively. For the years ended December 31, 2017 and 2016, interest expense amounted to \$8,000 and \$5,000, respectively.

**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

Lease Commitment:

The Organization currently leases certain equipment under a non-cancelable operating agreement. This lease is for 60 months and expires November 2021. The following is a schedule of future minimum annual rental payments under this non-cancelable lease:

For the Year Ending	Amount
December 31,	
2018	\$ 13,917
2019	13,917
2020	13,917
2021	12,061
<b>Total</b>	<b>\$ 53,812</b>

Rent and leased equipment expense for the years ended December 31, 2017 and 2016 amounted to \$23,000 and \$25,000, respectively.

Grants Contingency:

Grant monies received by the Organization are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. Based upon prior experience, the Organization does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material effect on the financial position of the Organization.

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purpose as of December 31, 2017 and 2016 as follows:

	2017	2016
For the Center for Working Families Program	\$ 543,234	\$ 908,256
For the After-School Program	124,194	170,884
For the Unity4Kids Program	45,000	100,000
For the Civic Engagement Program	327,154	249,338
For the Public Benefits Program	48,372	9,455
For the Earned Income Tax Credit Program	42,260	-
For Other Support	142,013	59,822
<b>Total</b>	<b>\$ 1,272,227</b>	<b>\$ 1,497,755</b>



**HISPANIC UNITY OF FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 9 – DEFINED CONTRIBUTION RETIREMENT PLAN**

The Organization has a 401(k) Plan (the “Plan”) to provide retirement and incidental benefits for its employees. Employees are eligible to participate in the Plan after one year of employment and may contribute from 1% to 100% of their annual compensation to the Plan, limited to a maximum annual amount as set by law. The Organization can match employee contributions at 10% of the amount contributed not to exceed 1% of the employee’s annual compensation. The Organization’s match is discretionary and determined each year by the financial position of the Organization. All matching contributions vest on a schedule based on the employee’s years of employment – 25% in the second year, 50% in the third year, 75% in the fourth year, 100% in the fifth year and thereafter. There were no matching contributions made by the Organization for the years ended December 31, 2017 and 2016.

**NOTE 10 – RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2016, FASB issued ASU 2016-14, "Not-for-Profit Entities." ASU 2016-14 is intended to improve the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Organization will implement ASU 2016-14 for the fiscal year beginning 2018.

In August 2016, FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization will implement ASU 2016-15 for the fiscal year beginning 2018.