

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
(A NONPROFIT CALIFORNIA CORPORATION)

FINANCIAL STATEMENTS

JUNE 30, 2021

AND

INDEPENDENT AUDITOR'S REPORT

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
JUNE 30, 2021

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### **Independent Auditor's Report**

To the Board of Directors  
La Raza Community Resource Center, Inc.

I have audited the accompanying financial statements of La Raza Community Resource Center, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities 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.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Raza Community Resource Center, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report issued in accordance with Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated November 8, 2021, on my consideration of La Raza Community Resource Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Christopher Chime Ogbodo  
Certified Public Accountant

Oakland, California  
November 8, 2021

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 1,522,650
Grants Receivable	246,923
Prepaid Expenses	8,136
Deposits	<u>1,609</u>
Total Current Assets	<u>1,779,318</u>

Fixed Assets

Furniture and Fixture	6,066
Computers	25,630
Office Equipment	4,571
Leasehold Improvements	<u>20,807</u>
Subtotal	57,074
Less Accumulated Depreciation	<u>(57,074)</u>
Total Fixed Assets	<u>-</u>

Total Assets \$ 1,779,318

**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts Payable	\$ 101,968
Accrued Vacation	<u>46,029</u>
Total Current Liabilities	<u>147,997</u>

Net Assets

Without Donor Restrictions	539,653
With Donor Restrictions - Note 2	<u>1,091,668</u>
Total Net assets	<u>1,631,321</u>

Total Liabilities and Net Assets \$ 1,779,318

See accompanying notes to the financial statements

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
<b>Revenue and Support</b>			
Government Grants	\$ 3,193,561	\$ 1,091,668	\$ 4,285,229
Private Grants	1,006,832	-	1,006,832
Foundations	60,000	-	60,000
Service Fees	42,512	-	42,512
Corporate and Individual Donations	<u>16,320</u>	<u>-</u>	<u>16,320</u>
Total Revenue and Support	<u>4,319,225</u>	<u>1,091,668</u>	<u>5,410,893</u>
<b>Expenses</b>			
Program Services	3,813,280	-	3,813,280
Management and General	<u>286,632</u>	<u>-</u>	<u>286,632</u>
Total Expenses	<u>4,099,912</u>	<u>-</u>	<u>4,099,912</u>
 Increase (Decrease) in Net Assets	 219,313	 1,091,668	 1,310,981
Net Assets at Beginning of Year	<u>320,340</u>	<u>-</u>	<u>320,340</u>
Net Assets at End of Year	<u>\$ 539,653</u>	<u>\$ 1,091,668</u>	<u>\$ 1,631,321</u>

See accompanying notes to the financial statements

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
PERSONNEL EXPENSES			
Salaries and Wages	\$ 1,092,267	\$ 61,196	\$ 1,153,463
Payroll Taxes	79,863	12,685	92,548
Employee Benefits	201,727	48,286	250,013
Total Personnel Costs	1,373,857	122,167	1,496,024
OTHER EXPENSES			
Professional Fees	17,778	383	18,161
Payroll Service Fees	9,387	729	10,116
Rent	42,275	134	42,409
Insurance	19,820	648	20,468
Repairs and Maintenance	4,970	-	4,970
Telephone and Internet	23,613	2,036	25,649
Consultant Services	21,924	8,319	30,243
Conferences and Meetings	31	206	237
Office Expenses	28,287	860	29,147
Stipend	27,345	39,450	66,795
Emergency Assistance	135,000	105,003	240,003
Rental Assistance	1,935,732	-	1,935,732
Interest, Fees and Finance Charges	-	1,457	1,457
Subcontractor	43,578	-	43,578
Advertising and Promotion	-	1,893	1,893
Dues and Membership	1,868	360	2,228
Program Expenses	5,019	-	5,019
Other Expenses	9,737	2,987	12,724
Total Other Expenses	2,326,364	164,465	2,490,829
Indirect Costs	113,059	-	113,059
TOTAL EXPENSES	<b>\$ 3,813,280</b>	<b>\$ 286,632</b>	<b>\$ 4,099,912</b>

See accompanying notes to the financial statements

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:

Change in net Assets	\$ 1,310,981
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Change in assets and liabilities:	
(Increase) Decrease in Grants Accounts Receivable	11,362
(Increase) Decrease in Prepaid Expenses	1,070
(Increase) Decrease in Accounts Payable	59,926
(Increase) Decrease in Line Of Credit	(11,885)
(Increase) Decrease in Accrued Vacation	<u>19,190</u>
Net Cash Provided by Operating Activities:	<u>1,390,644</u>
Increase in Cash and Cash Equivalents	1,390,644
Cash and Cash Equivalents at Beginning of Year	<u>132,006</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,522,650</u></u>

See accompanying notes to the financial statements



LA RAZA COMMUNITY RESOURCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

La Raza Community Resource Center, Inc. (LRCRC) is a private California non-profit corporation, formed in 1974. LRCRC is a multi-service Family Resource Center that provides San Francisco Bay Area Latino/a/x immigrants, immigration and social services, financial and food assistance, as well as parenting and civic engagement. LRCRC receives funding that originates principally from the City and County of San Francisco to preserve and develop the Latino/a/x community by providing the appropriate resources which promote self-sufficiency and leadership.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and 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 as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

*Net Assets With Donor Restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2021, temporarily restricted net assets of \$1,109,668 for emergency rental assistance will be available from July 1, 2021 to June 30, 2022.

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

Basis of accounting

The financial statements are prepared on the accrual basis of accounting; consequently, revenues from all sources are recognized when earned, rather than when received; and expenditures are recognized when the obligation is incurred, rather than when cash is disbursed. LRCRC determines annually an allocation of certain costs between program services, general and administrative, and fundraising based on estimates of usage and benefits.

Property and equipment

Property and equipment in the statement of financial position consists of furniture, computer and office equipment. LRCRC states purchases property and equipment at costs and donated property and equipment at fair market value. LRCRC computes depreciation using the straight-line method over the estimated useful life of the property and equipment, ranging from three to seven years. Outlays of generally more than \$2,500 are capitalized.

Allowance (or uncollectible accounts receivable)

LRCRC uses the allowance method to account for uncollectible accounts receivable. Under this method, LRCRC reviews all receivables for any problems with collections. Should an issue arrive with collections an allowance is provided for. If collections attempts are unsuccessful the account is considered uncollectible and is written off against the allowance. On June 30, 2021, LRCRC determined that an allowance for doubtful accounts was not required.

Cash consists of amounts on deposit with commercial banks in regular checking and interest-bearing accounts, available on demand. For purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The organization is a not-for-profit organization that is exempt from income taxes under both federal income and state franchise taxes under Section 501 (a) (1) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Donors are entitled to the maximum charitable contribution allowed by law.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

Advertising costs

Costs incurred for producing and communicating advertising are expensed when incurred.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated products and rvicees

Donated products are valued and recorded in the financial statements at their fair value. "Donated services are valued and recorded in the financial statements only if they replace a permanent position at LRCRC. No donated products or services are included in the accompanying statements of activities or functional expenses.

Revenues

LRCRC records revenues from grants and contributions as unrestricted, temporarily restricted or permanently restricted, depending on donor or payer-imposed restrictions. LRCRC reports restricted support as restricted revenue based as an increase in temporarily restricted net assets. When a restriction expires based on a stipulated time or accomplishment, LRCRC reclassifies temporarily restricted net assets as unrestricted net assets and reports it as net assets released form restrictions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

NOTE 3 - GRANTS RECEIVABLE

As of June 30, 2021, grants receivable balance of \$246,923 consist of the following:

City and County of San Francisco	\$ 97,883
Family Resource System	78,559
Central American Resource Center	27,007
First 5	12,110
Chinese for Affirmative Action	6,250
Mission Neighborhood Centers, Inc.	7,065
Network	13,049
Self-Help for the Elderly	<u>5,000</u>
Total Grants Receivable	<u>\$246,923</u>

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 4 - COMMITMENTS

An affiliated organization leases office space to LRCRC under a month to month arrangement. Rent expense for the year ending June 30, 2021, including parking and other building charges, totaled \$42,409.

The organization also has a line of credit with a maximum amount of \$27,500. The annual interest rate is 15.250%, paid monthly. During the year, the outstanding principal balance of \$9,609 was paid off with total interest expense of 1,370.

NOTE 5 - RISKS, CONCENTRATIONS AND UNCERTAINTIES

LRCRC receives support that is subject to audit or review by the grantors. Management believes that LRCRC has complied with all aspects of the grant provisions and that disallowed costs, if any, would be insignificant to the financial position of LRCRC.

Revenues originating with the City and County of San Francisco, and other private grants comprised 90 percent of total revenues for the year ended June 30, 2021. A significant reduction in the level of any of these revenue sources, if it were to occur, may adversely affect the programs and activities of LRCRC.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
La Raza Community Resource Center, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of La Raza Community Resource Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 8, 2021.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered La Raza Community Resource Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Raza Community Resource Center, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of La Raza Community Resource Center, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether La Raza Community Resource Center, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the La Raza Community Resource Center, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering La Raza Community Resource Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CHRISTOPHER CHIME OGBODO  
Certified Public Accountant

Oakland, California  
November 8, 2021

LA RAZA COMMUNITY RESOURCE CENTER, INC.  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statement of La Raza Community Resource Center, Inc.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of La Raza Community Resource Center, Inc.