

FUNDACION HERMANOS DE LA CALLE INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020



Fundacion Hermanos De La Calle Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fundacion Hermanos De La Calle Inc.
Key Biscayne, Florida

Opinion

We have audited the accompanying financial statements of Fundacion Hermanos De La Calle Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundacion Hermanos De La Calle Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Fundacion Hermanos De La Calle Inc. 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.

Responsibilities of Management 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; and for 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 Fundacion Hermanos De La Calle Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Fundacion Hermanos De La Calle Inc.'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 Fundacion Hermanos De La Calle Inc.'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.

De La Hoz, Perez & Barbeito, PLLC

Coral Gables, Florida
August 23, 2022

Fundacion Hermanos De La Calle Inc.
Statements of Financial Position
December 31,

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 184,241	\$ 86,996
Other current assets	5,540	540
TOTAL CURRENT ASSETS	189,781	87,536
SECURITY DEPOSITS	19,241	18,041
TOTAL ASSETS	\$ 209,022	\$ 105,577
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Other liabilities	\$ 3,317	\$ 3,707
NET ASSETS WITHOUT DONOR RESTRICTIONS	205,705	101,870
TOTAL LIABILITIES AND NET ASSETS	\$ 209,022	\$ 105,577

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

Fundacion Hermanos De La Calle Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
REVENUES		
Contribution income	\$ 508,148	\$ 379,050
Sub rental income	110,803	58,885
TOTAL REVENUES	<u>618,951</u>	<u>437,935</u>
EXPENSES		
Program services:		
Programs	500,858	383,377
Supporting services:		
Management and general	14,258	14,702
TOTAL EXPENSES	<u>515,116</u>	<u>398,079</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	103,835	39,856
NET ASSETS - Beginning of Year	<u>101,870</u>	<u>62,014</u>
NET ASSETS - End of Year	<u>\$ 205,705</u>	<u>\$ 101,870</u>

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

Fundacion Hermanos De La Calle Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services	Total
	Programs	Management and General	
Housing	\$ 363,375	\$ -	\$ 363,375
Salaries and wages	45,000	-	45,000
Utilities and telephone for rentals	54,285	-	54,285
Insurance	15,445	-	15,445
Event expenses	3,423	-	3,423
Transportation and travel	4,951	-	4,951
Rental equipment, etc.	524	-	524
Meals	1,960	-	1,960
Medical support and dental	1,181	-	1,181
Purchases	737	-	737
Payroll taxes	3,632	-	3,632
Advertising and promotion	-	250	250
Accounting	-	10,607	10,607
Rehabilitation	2,364	-	2,364
Bank and other charges	-	2,422	2,422
Other	3,672	593	4,265
Moving	127	-	127
Office expenses	182	386	568
	\$ 500,858	\$ 14,258	\$ 515,116

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

Fundacion Hermanos De La Calle Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services	Total
	Programs	Management and General	
Housing	\$ 285,828	\$ -	\$ 285,828
Salaries and wages	31,086	-	31,086
Utilities and telephone for rentals	36,542	-	36,542
Insurance	10,970	-	10,970
Event expenses	2,134	-	2,134
Outside contract	-	9,742	9,742
Transportation and travel	2,496	-	2,496
Meals	1,556	-	1,556
Medical support and dental	1,214	-	1,214
Payroll taxes	3,405	-	3,405
Advertising and promotion	-	725	725
Accounting	-	1,110	1,110
Rehabilitation	628	-	628
Bank and other charges	-	2,558	2,558
Other	7,004	438	7,442
Moving	236	-	236
Office expenses	278	129	407
	\$ 383,377	\$ 14,702	\$ 398,079

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

Fundacion Hermanos De La Calle Inc.
Statements of Cash Flows
For the Years Ended December 31,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restrictions	\$ 103,835	\$ 39,856
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Security deposits	(1,200)	(5,300)
Other current assets	(5,000)	-
Other liabilities	(390)	1,724
	97,245	36,280
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	97,245	36,280
NET INCREASE IN CASH		
	86,996	50,716
CASH - BEGINNING OF YEAR		
	86,996	50,716
CASH - END OF YEAR	\$ 184,241	\$ 86,996

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

Fundacion Hermanos De La Calle Inc.

Notes to Financial Statements

December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

Organization

Fundacion Hermanos De La Calle Inc. (the "Organization") was established in 2017. The Organization's mission is to offer help and support to homeless individuals and create awareness in the local community to help the homeless gain back their dignity and place in society.

Risk and Uncertainties

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Management continues to assess the impact these conditions could have and continues to explore various options to minimize any adverse financial impact. Although the ultimate outcome of this uncertainty cannot be determined at this time, management believes these factors could have a material adverse effect on the Organization's operations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statement of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statement of Activities and Changes in Net Assets.

In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restriction – net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its corporate documents.

Net assets with donor restriction – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Fundacion Hermanos De La Calle Inc.

Notes to Financial Statements

December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash balances in excess of federally insured limits. The Organization mitigates this risk by maintaining its cash balances at high quality financial institutions. The Organization had no material balances in excess of the insured limits as of December 31, 2021 and 2020.

Income Taxes

The Organization is exempt from income taxes as an organization formed for charitable purposes and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within Internal Revenue Code regulations. The Organization is subject to federal and state tax on income from any unrelated business.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, changes in net assets or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021 and 2020.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal and state income tax returns are generally open to examination beginning with fiscal year ended 2019.

Revenue Recognition

The Organization recognizes revenue from contributions and sub rental income when the services are provided. All services are transferred at a point in time.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct finance leases and operating leases. The standard is effective for fiscal years beginning after December 15, 2021. The Organization does not anticipate this standard to have a material impact on its financial position, results of operations and cash flows.

Fundacion Hermanos De La Calle Inc.
Notes to Financial Statements
December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 23, 2022, the date that the financial statements were available to be issued.

2. Liquidity and Availability of Resources

The Organization has \$189,781 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditure consisting of cash of \$184,241 and other current assets of \$5,540. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position. The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet thirty days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligation come due.

3. Commitments and Contingencies

Litigation

The Organization, from time to time, may be subject to potential claims encountered in the normal course of business. In the opinion of management, the resolution of such claims will not have a material adverse effect on the Organization's financial position, results of operations or cash flows.