

FUNDACION HERMANOS DE LA CALLE, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



FUNDACION HERMANOS DE LA CALLE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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) (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, 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 the Organization as of December 31, 2022 and 2021, 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 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.

De La Hoz, Perez & Barbeito, PLLC

Coral Gables, Florida
March 22, 2024



FUNDACION HERMANOS DE LA CALLE, INC.

**Statements of Financial Position
December 31,**

ASSETS	2022	2021
<hr/>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 83,581	\$ 184,241
Other current assets	2,540	5,540
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	86,121	189,781
SECURITY DEPOSITS	28,091	19,241
	<hr/>	<hr/>
TOTAL ASSETS	\$ 114,212	\$ 209,022
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
<hr/>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 32,703	\$ 3,317
COMMITMENTS AND CONTINGENCIES (NOTE 3)		
NET ASSETS		
Without donor restrictions	81,509	205,705
	<hr/>	<hr/>
TOTAL NET ASSETS	81,509	205,705
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 114,212	\$ 209,022
	<hr/>	<hr/>

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

FUNDACION HERMANOS DE LA CALLE, INC.

**Statements of Activities
For the Years Ended December 31,**

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES		
Grants and contributions	\$ 774,703	\$ 508,148
Sub-rental income	195,236	110,803
	<u>969,939</u>	<u>618,951</u>
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS		
EXPENSES		
Program services	1,052,977	500,153
Management and general	41,158	14,963
	<u>1,094,135</u>	<u>515,116</u>
TOTAL EXPENSES		
	<u>1,094,135</u>	<u>515,116</u>
CHANGE IN NET ASSETS	(124,196)	103,835
NET ASSETS - BEGINNING OF YEAR	205,705	101,870
	<u>205,705</u>	<u>101,870</u>
NET ASSETS - END OF YEAR	<u>\$ 81,509</u>	<u>\$ 205,705</u>

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

FUNDACION HERMANOS DE LA CALLE, INC.

**Statements of Functional Expenses
For the Years Ended December 31, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Housing Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Expenses				
Housing and other costs	\$ 750,769	\$ -	\$ -	\$ 750,769
Utilities and telephone for rentals	99,357	-	-	99,357
Salaries and payroll taxes	175,107	-	-	175,107
Insurance	20,778	-	-	20,778
Event expenses	3,810	-	-	3,810
Rental equipment	300	-	-	300
Office expenses	2,856	8,451	-	11,307
Advertising and promotion	-	513	-	513
Professional fees	-	25,693	-	25,693
Bank and merchant charges	-	2,114	-	2,114
Miscellaneous expenses	-	4,387	-	4,387
	<u>\$ 1,052,977</u>	<u>\$ 41,158</u>	<u>\$ -</u>	<u>\$ 1,094,135</u>

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

FUNDACION HERMANOS DE LA CALLE, INC.

**Statements of Functional Expenses
For the Years Ended December 31, 2021**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Housing Programs</u>		<u>Management and General</u>	<u>Fundraising</u>	
Expenses					
Housing and other costs	\$ 377,107		\$ -	\$ -	\$ 377,107
Utilities and telephone for rentals	54,285		-	-	54,285
Salaries and payroll taxes	48,632		-	-	48,632
Insurance	15,445		-	-	15,445
Event expenses	3,423		-	-	3,423
Rental equipment	524		-	-	524
Office expenses	737		182	-	919
Advertising and promotion	-		250	-	250
Professional fees	-		10,607	-	10,607
Bank and merchant charges	-		2,422	-	2,422
Miscellaneous expenses	-		1,502	-	1,502
	<u>\$ 500,153</u>		<u>\$ 14,963</u>	<u>\$ -</u>	<u>\$ 515,116</u>

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,**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (124,196)	\$ 103,835
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Other current assets	3,000	\$ (5,000)
Security deposits	(8,850)	(1,200)
Accounts payable and accrued expenses	<u>29,386</u>	<u>(390)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(100,660)</u>	<u>97,245</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(100,660)	97,245
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>184,241</u>	<u>86,996</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 83,581</u>	<u>\$ 184,241</u>

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

FUNDACION HERMANOS DE LA CALLE, INC.

Notes to Financial Statements December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fundacion Hermanos De La Calle, Inc. (the "Organization") is a nonprofit organization incorporated in 2017 under the laws and statutes of the State of Florida. 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.

Basis of Presentation

The financial statements of the Organization are prepared using the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP).

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 statements of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

In accordance with U.S. GAAP, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – 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 U.S. GAAP 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.

Cash and Cash Equivalents

The Organization considers all liquid investments with an original maturity at purchase of three months or less to be cash equivalents.

Revenue Recognition – Grants and Contributions

Transfer of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

FUNDACION HERMANOS DE LA CALLE, INC.

Notes to Financial Statements December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Grants and Contributions (Continued)

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for general operations of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as “net assets released from restrictions”. Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization applies ASC Topic 606, Revenues from Contracts with Customers, to exchange transactions in which it receives consideration from individuals for program services offered. Under U.S. GAAP, these arrangements are exchange transactions between the Organization and the individuals participating in the Organization’s programs. The Organization recognizes revenue when the performance obligations are satisfied in accordance with a five-step model.

Concentrations 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 had no material balances in excess of the insured limits as of December 31, 2022 and 2021.

Income Taxes

The Organization is exempt from income taxes as an organization (not a private 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.

FUNDACION HERMANOS DE LA CALLE, INC.

Notes to Financial Statements December 31, 2022 and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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, change 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 as of December 31, 2022 and 2021.

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 2020.

Functional Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include salaries and benefits, which are allocated based on analysis of personnel time and effort.

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 22, 2024, the date that the financial statements were available to be issued.

Reclassifications

Certain items in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 83,581	\$ 184,241
Total financial assets available for management and general expenditures within one year	<u>\$ 83,581</u>	<u>\$ 184,241</u>

FUNDACION HERMANOS DE LA CALLE, INC.

Notes to Financial Statements December 31, 2022 and 2021

3. COMMITMENTS AND CONTINGENCIES

Grants

The Organization participates in a local grant program. Amounts received and expended under this program are subject to audits by the agency to determine if activities undertaken by the Organization comply with the conditions of the grant. Management believes that no material liability will arise from any such audit.

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.