

**LA RAZA CENTRO LEGAL – SAN FRANCISCO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Final Draft

This Page Left Intentionally Blank

INTRODUCTORY SECTION

Final Draft

This Page Left Intentionally Blank

LA RAZA CENTRO LEGAL – SAN FRANCISCO
Financial Statements
For the Year Ended June 30, 2024

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
FINANCIAL SECTION	
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statements of Functional Expenses	6
Statement of Cash Flows	8
Notes to Financial Statements	9

Final Draft

This Page Left Intentionally Blank

FINANCIAL SECTION

Final Draft

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
La Raza Centro Legal – San Francisco
San Francisco, California

Opinion

We have audited the accompanying financial statements of the La Raza Centro Legal – San Francisco (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the La Raza Centro Legal – San Francisco as of June 30, 2024, 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.

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 La Raza Centro Legal – San Francisco and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 for a reasonable period of time, generally within one year after the date that the financial statements are available to be issued.

Auditor's 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.

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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Summarized Comparative Information

We have previously audited the La Raza Centro Legal – San Francisco's 2023 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pleasant Hill, California

DATE

This Page Left Intentionally Blank

LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 2B and 3)	\$1,380,243	\$1,497,190
Grants and contributions receivable (Note 4)	133,055	358,291
Prepaid expenses and other assets	67,809	56,832
Total Current Assets	1,581,107	1,912,313
Non Current Assets:		
Right of use assets - lease (Note 7)	200,272	256,168
Property and equipment, net (Notes 2E and 5)	2,363	4,840
Total Non Current Assets	202,635	261,008
TOTAL ASSETS	\$1,783,742	\$2,173,321
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$51,774	\$54,823
Accrued compensated absences (Note 6)	78,850	63,045
Lease liability - current (Note 7)	57,005	55,384
Other current liabilities	35,679	1,548
Total Current Liabilities	223,308	174,800
Non Current Liabilities:		
Lease liability - noncurrent (Note 7)	155,188	212,193
Total Non Current Liabilities	155,188	212,193
TOTAL LIABILITIES	378,496	386,993
Net Assets (Note 2A)		
Without donor restrictions	1,342,746	1,686,328
With donor restrictions (Note 8)	62,500	100,000
Total Net Assets	1,405,246	1,786,328
TOTAL LIABILITIES AND NET ASSETS	\$1,783,742	\$2,173,321

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

LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
SUPPORT AND REVENUE				
Government contracts and contributions	\$1,493,367		\$1,493,367	\$1,682,100
Foundation and corporate contributions	284,328	\$62,500	346,828	419,827
Individual contributions	38,503	-	38,503	46,565
Special events	105,240	-	105,240	189,844
Other revenue	91,346	-	91,346	85,585
Net assets released from restrictions (Note 8)	100,000	(100,000)	-	-
Total Support and Revenue	2,112,784	(37,500)	2,075,284	2,423,921
EXPENSES				
Program services:				
Immigration	1,008,393	-	1,008,393	907,757
Elder and disability law	418,775	-	418,775	336,272
Workers' rights	348,196	-	348,196	259,073
Supporting services:				
Management and general	526,361	-	526,361	397,347
Fundraising	154,641	-	154,641	92,966
Total Expenses	2,456,366	-	2,456,366	1,993,415
Changes in net assets	(343,582)	(37,500)	(381,082)	430,506
Net assets at beginning of year	1,686,328	100,000	1,786,328	1,355,822
Net assets at end of year	<u>\$1,342,746</u>	<u>\$62,500</u>	<u>\$1,405,246</u>	<u>\$1,786,328</u>

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

**LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services			Total Program Expenses	Supporting Services		Total
	Immigration Law	Elder and Disability Law	Workers' Rights		Management and General	Fundraising	
Salaries and wages	\$684,062	\$275,552	\$181,198	\$1,140,812	\$278,697	\$71,901	\$1,491,410
Payroll taxes and employee benefits	196,756	78,625	52,279	327,660	80,038	17,266	424,964
Sub-total personnel expenses	880,818	354,177	233,477	1,468,472	358,735	89,167	1,916,374
Non-personnel Expenses							
Professional fees	44,838	13,261	93,873	151,972	71,596	2,890	226,458
Occupancy (Note 7)	28,666	11,526	7,596	47,788	11,655	2,942	62,385
Office expenses	36,386	32,633	8,624	77,643	12,905	6,170	96,718
Fundraising events	-	-	-	-	-	51,301	51,301
Insurance	17,472	7,034	4,626	29,132	7,117	1,843	38,092
Lease amortization	-	-	-	-	512	-	512
Advertising (Note 21)	-	-	-	-	2,698	-	2,698
Depreciation (Note 5)	-	-	-	-	2,477	-	2,477
Travel, meals and meetings	213	144	-	357	58,347	87	58,791
Interest and bank charges	-	-	-	-	319	241	560
Total non-personnel expenses	127,575	64,598	114,719	306,892	167,626	65,474	539,992
Total Functional Expenses	\$1,008,393	\$418,775	\$348,196	\$1,775,364	\$526,361	\$154,641	\$2,456,366
	41.1%	17.0%	14.2%	72.3%	21.4%	6.3%	100.0%

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

**LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Total Program Expenses	Supporting Services		Total
	Immigration Law	Elder and Disability Law	Workers' Rights		Management and General	Fundraising	
FUNCTIONAL EXPENSES							
Personnel Expenses:							
Salaries, wages and benefits	\$613,236	\$205,043	\$134,133	\$952,412	\$219,299	\$32,218	\$1,203,929
Payroll Taxes and Employee Benefits	177,837	59,157	38,697	275,691	63,616	9,595	348,902
Sub-total Personnel Expenses	791,073	264,200	172,830	1,228,103	282,915	41,813	1,552,831
Non-personnel Expenses							
Professional fees	37,555	30,155	68,510	136,220	41,435	1,892	179,547
Occupancy (Note 7)	26,979	9,135	5,957	42,071	9,611	1,345	53,027
Office Expenses	35,115	27,112	8,091	70,318	12,351	3,170	85,839
Fundraising events	-	-	-	-	-	43,377	43,377
Insurance	16,949	5,670	3,685	26,304	6,082	879	33,265
Lease amortization	-	-	-	-	11,409	-	11,409
Advertising (Note 2I)	-	-	-	-	7,217	48	7,265
Depreciation (Note 5)	-	-	-	-	2,478	-	2,478
Travel, meals and meetings	86	-	-	86	22,533	401	23,020
Interest and bank charges	-	-	-	-	1,316	41	1,357
Total non-personnel expenses	116,684	72,072	86,243	274,999	114,432	51,153	440,584
Total Functional Expenses	\$907,757	\$336,272	\$259,073	\$1,503,102	\$397,347	\$92,966	\$1,993,415
	45.5%	16.9%	13.0%	75.4%	19.9%	4.7%	100.0%

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

LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	(\$381,082)	\$430,506
Adjustments to reconcile changes in net assets to net cash (used) by operating activities:		
Depreciation expense	2,477	2,478
Lease amortization	512	11,409
Changes in certain assets and liabilities:		
Grants and contributions receivable	225,236	(165,633)
Prepaid expenses and other assets	(10,977)	(1,273)
Accounts payable	(3,049)	15,925
Accrued payroll liabilities	15,805	7,798
Other current liabilities	34,131	
Total Adjustments	264,135	(129,296)
Net Cash (Used) Provided by Operating Activities	(116,947)	301,210
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(116,947)	301,210
Cash and cash equivalents, beginning of year	1,497,190	1,195,980
Cash and cash equivalents, end of year	\$1,380,243	\$1,497,190
Supplemental information:		
State taxes paid		\$218
Interest and finance charges paid	\$65	\$587

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

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – ORGANIZATION AND PROGRAMS

La Raza Centro Legal – San Francisco (“La Raza”) is a community-based legal organization dedicated to empowering Latino, immigrant and low-income communities in the Mission and throughout the Bay Area, advocating for their civil human rights. Through its grassroots efforts, La Raza has provided critical-life changing legal services at low or no costs. La Raza combines legal service and advocacy to build grassroots power and alliance towards creating a movement for a just society. Its primary program services are:

Immigration Law: La Raza provides legal consultation, and immigration assistance to the low-income, immigrant and Spanish speak community of San Francisco and San Mateo counties.

Elder and Disability Law: La Raza provides legal consultation and services including simple wills, social security income and social security disability insurance appeals and questions, advanced health care directives, power of attorney, and other related services for adults over 60 and adults with disabilities age 18-59 in San Francisco and San Francisco County.

Workers’ Rights: La Raza advocates on behalf of very-low wage workers in San Francisco and San Francisco County, including domestic workers, restaurant workers, car wash workers, construction workers and other low wage immigrant workers who have been cheated out of rightfully earned wages or otherwise exploited by unscrupulous employers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions: Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

La Raza is supported primarily through government contracts and contributions, foundation and corporate contributions, and individual contributions. Revenues from government and other contracts are recognized when La Raza renders the services stipulated by the contract. Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

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 donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

B. *Cash and Cash Equivalents*

Cash and cash equivalents include all cash balances and highly liquid investments with maturity dates of less than three months, which are neither held nor restricted by donors for long-term purposes. Cash and cash equivalents were \$1,380,243 and \$1,497,190 at June 30, 2024 and 2023, respectively.

C. *Concentration of Credit Risk*

The Federal Deposit Insurance Corporation (“FDIC”) insures account balances up to \$250,000 at each insured institution. La Raza maintains deposit accounts with financial institutions and frequently carries balances that exceed FDIC insurance limits. At various times during the year, cash at these institutions could exceed federally insured limits. La Raza has not experienced any losses on its FDIC-insured accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

D. *Grants and Contracts Receivable*

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. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

E. *Fixed Assets*

Fixed asset additions in excess of \$1,500 are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which range from two to five years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred. As of June 30, 2024 and 2023, La Raza’s fixed assets net of accumulated depreciation totaled \$2,363 and \$4,840, respectively.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Income Taxes

La Raza is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, La Raza qualifies for the charitable contribution deduction under Section 170(b)(1)(a)(vi) and (vii), and has been classified as an organization that is not a private association under Section 509(a)(1) and (3). Unrelated business income, if any, may be subject to income tax. La Raza paid no taxes on unrelated business income in the years ended June 30, 2024 and 2023, respectively.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in La Raza's tax returns. Management has determined that La Raza does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the La Raza's tax returns will not be challenged by the taxing authorities and that La Raza will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, La Raza's tax returns remain open for federal income tax examination for three years from the date of filing.

H. Functional Allocation of Expenses

The costs of programs activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, payroll taxes and employee benefits, occupancy, insurance, and similar overhead) have been allocated based on time and effort using La Raza's payroll allocations. Other expenses (such as professional fees and other direct costs) have been allocated in accordance with the specific services received.

I. Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to \$2,698 and \$7,265 for the years ended June 30, 2024 and 2023, respectively, and is reflected on the statement of functional expenses.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fair Value Measurements

La Raza reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, La Raza develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

K. Donated Services and In-Kind Contributions

Contributed services and costs are reflected at the fair value of the contribution received. The contribution of services and costs are recognized if they (a) create or enhance nonfinancial 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 donation.

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting policies.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Lease Accounting

La Raza recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. La Raza determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of the existing contract are changed. Lease liabilities and a right of use (ROU) asset are recognized at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a discount rate. The discount rate is the implicit rate if it is readily determinable or otherwise La Raza uses the risk-free rate of return. See Note 7 for further details.

M. Subsequent Events

La Raza evaluated subsequent events for recognition and disclosure through **DATE**, the date which these financial statements were available to be issued. Management concluded that no material subsequent events occurred since June 30, 2024, that requires recognition or disclosure in the financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all funds in banks (checking and savings) that have a maturity date of 90 days or less at the time of purchase. The components of cash and cash equivalents are as follows at June 30:

	2024	2023
Interest-bearing checking accounts	\$110,832	\$765,351
Interest-bearing savings accounts	59,776	526,677
Noninterest-bearing checking accounts	205,119	205,000
Mutual fund account	1,003,345	-
Cash on hand	1,171	162
Total cash and cash equivalents	\$1,380,243	\$1,497,190

The checking and savings accounts earn interest at rates ranging from 0.01% to 0.68% per annum. La Raza attempts to limit its credit risk associated with cash and cash equivalents by utilizing high quality financial institutions.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 4 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable of \$133,055 and \$358,291 at June 30, 2024 and 2023, respectively, are comprised of commitments from a variety of donors, including government agencies, foundations and other organizations, some of which are due over several fiscal periods. The entire balance of grants and contributions receivable are expected to be collected.

La Raza uses the direct write-off method with regards to receivables deemed uncollectible. During the years ended June 30, 2024 and 2023, respectively, La Raza recognized no uncollectible grant expenses. Management has evaluated the receivables as of June 30, 2024, and determined that such amounts are fully collectible based on the financial strength of the donors involved.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Equipment	\$12,388	\$12,388
Less: accumulated depreciation	(10,025)	(7,548)
Property and equipment, net	\$2,363	\$4,840

Depreciation expense amounted to \$2,477 and \$2,478, respectively, for fiscal years ended June 30, 2024 and 2023.

NOTE 6 – ACCRUED COMPENSATED ABSENCES

La Raza is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination. Sick leave is not paid upon termination. Total accrued compensation amounted to \$78,850 and \$63,045 at June 30, 2024 and 2023, respectively.

NOTE 7 – LEASE COMMITMENTS

La Raza leases its office space under a non-cancellable operating lease agreement expiring January 31, 2028. The lease agreement requires monthly rental payments at a fixed rate with a stipulated 3% increase per annum. However, La Raza and the landlord (Centro Del Pueblo, Inc.) reached an informal understanding that the lease will not be subject to the 3% annual increase. La Raza pays \$5,199 per month as of June 30, 2024. Total rent expense for the years ending June 30, 2024 and 2023 was \$62,385 and \$53,027, respectively, and is included with occupancy expenses on the statements of functional expenses.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 7 – LEASE COMMITMENTS (Continued)

At June 30, 2023, La Raza recorded a total lease liability in the amount of \$267,577 for its office space, and a corresponding right of use asset for the premises in the amount of \$256,168. The weighted average discounted rate associated with the calculation of the present value of the future lease payments as of June 30, 2023 was 2.89%, which represents an estimate of La Raza’s risk-free rate of return.

As of June 30, 2024, La Raza’s future amortization and lease payments for the office space are as follows:

	Asset	Liability
2025	\$55,896	\$57,005
2026	55,896	58,674
2027	55,896	60,394
2028	32,584	36,120
Total	\$200,272	\$212,193

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

La Raza recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expire.

Net assets with donor restrictions amounted to \$62,500 and \$100,000, as of June 30, 2024 and 2023, respectively, which relate to grants with restrictions related to specified time periods.

During fiscal year ended June 30, 2024, \$100,000 in net assets were released from time related restrictions.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, La Raza could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate La Raza to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond La Raza’s control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at June 30:

	2024	2023
Total current financial assets:		
Cash and cash equivalents	\$1,380,243	\$1,497,190
Grants and contributions receivable, current	133,055	358,291
Total current financial assets	1,513,298	1,855,481
Less contractual or donor-imposed restrictions:		
Time-restricted grants	(62,500)	(100,000)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$1,450,798	\$1,755,481

Final Draft