

GALEO Latino Community Development Fund, Inc.
PO Box 29506
Atlanta, Georgia 30359

Financial Statements
31 December 2020



Independent Auditor's Report

To the Board of Directors of GALEO Latino Community Development Fund, Inc.

We have audited the accompanying statement of financial position of GALEO Latino Community Development Fund, Inc. ("the Organization") as of December 31, 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GALEO Latino Community Development Fund, Inc. as of December 31, 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Johann J. Reckley". The signature is written in a cursive style with a large, stylized initial 'J'.

Johann J. Reckley, CPA
JJR & Associates LLC
Fayetteville, GA
13 November 2021



Auditor's Report on Internal Controls

To the Board of Directors of GALEO Latino Community Development Fund, Inc.

We have audited the accompanying statement of financial position of GALEO Latino Community Development Fund, Inc. ("the Organization") as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 13, 2021,

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of GALEO Latino Community Development Fund, Inc. ("the Organization") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we identified certain deficiencies in internal control that we consider to be significant deficiencies, and communicated them in writing to management and those charged with governance on November 13, 2021. 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. The following deficiencies were observed:

- Inadequate documentation available to validate management review controls over the bank reconciliation control.
- Non-performance of the effectively designed control for check receipting due to remote working conditions generated by the pandemic.
- Outdated policy documentation with respect to management's authorization control for expenditure approval hierarchy.

Purpose of this Report

This communication is intended solely for the information and use of management, the Board of Directors, and others identified within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Johann J. Reckley, CPA
JJR & Associates LLC
Fayetteville, GA
13 November 2021

GALEO Latino Community Development Fund, Inc.

Statement of Financial Position As at 31 December 2020

	2020 \$	2019 \$
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	1,390,963	445,370
Cash Restricted	-	49,565
	<hr/>	<hr/>
Total assets	<u>1,390,963</u>	<u>494,935</u>
LIABILITIES		
<i>Current liabilities</i>		
Credit Card Payable	19,390	2,517
Loans Payable	28,008	-
	<hr/>	<hr/>
Total liabilities	<u>47,398</u>	<u>2,517</u>
NET ASSETS		
Net Assets without Donor Restrictions	1,343,565	442,853
Net Assets with Donor Restrictions	-	49,565
	<hr/>	<hr/>
Total net assets	<u>1,343,565</u>	<u>492,418</u>
Total liabilities and net assets	<u>1,390,963</u>	<u>494,935</u>

APPROVED BY THE BOARD OF DIRECTOR AND SIGNED ON ITS BEHALF BY:

Director

13 November 2021

Date

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

GALEO Latino Community Development Fund, Inc.

Statement of Activities For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Revenue and support:		
Contributions	2,278,656	523,096
Events	6,904	11,750
Donations in-kind	1,815	41,625
Released Restrictions	49,565	-
	<u>2,336,940</u>	<u>576,471</u>
Total	<u>2,336,940</u>	<u>576,471</u>
Expenses:		
Program Expenses	1,284,800	312,221
Fundraising Expenses	67,415	22,383
General & Administrative Expenses	84,013	32,159
	<u>1,436,228</u>	<u>366,763</u>
Total	<u>1,436,228</u>	<u>366,763</u>
Increase in net assets without donor restrictions	900,712	209,708
Change in Net Assets with Donor Restrictions		
Restricted Contributions	-	15,000
Released Restrictions	(49,565)	-
(Decrease) Increase in Net Assets with Donor Restrictions	(49,565)	15,000
Increase in Net Assets	851,147	224,708
Net assets at beginning of the year	<u>492,418</u>	<u>267,710</u>
Net assets at the end of the year	<u>1,343,565</u>	<u>492,418</u>

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

GALEO Latino Community Development Fund, Inc.

Statement of Cash Flows For the Year Ended 31 December 2020

	2020
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	900,712
Increase/(Decrease) in operating liabilities:	
Accounts Payables	44,881
	<hr/>
Net cash used in operating activities	945,593
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CASH FLOWS FROM FINANCING ACTIVITIES	-
Temporary Restricted Net Assets	
Net cash provided by financing activities	(49,565)
	<hr/>
Net increase in cash for the period	896,028
Cash and cash equivalents as of beginning of year	<hr/> 494,935
Cash and cash equivalents as of end of year	<u><u>1,390,963</u></u>

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

GALEO Latino Community Development Fund, Inc.

Statement of Functional Expenses For the Year Ended 31 December 2020

	Programs \$	Fund raising \$	Management & General \$	Total \$
Personnel	411,445	48,405	24,203	484,053
Program Operations	531,765	-	-	531,765
Office Expense	8,111	-	11,672	19,783
Advertising	306,095	18,006	36,011	360,112
Professional Fees	2,818	-	9,434	12,252
Occupancy	17,079	1,005	2,009	20,093
Insurance	3,768	-	665	4,433
Travel	3,718	-	19	3,737
	<u>1,284,799</u>	<u>67,416</u>	<u>84,013</u>	<u>1,436,228</u>

Statement of Functional Expenses For the Year Ended 31 December 2019

	Programs \$	Fund raising \$	Management & General \$	Total \$
Personnel	166,876	19,632	9,816	196,324
Program Operations	54,616	-	-	54,616
Office Expense	7,021	-	10,103	17,124
Advertising	39,875	2,346	4,690	46,911
Professional Fees	1,961	-	6,564	8,525
Occupancy	6,885	405	810	8,100
Travel	34,987	-	176	35,163
	<u>312,221</u>	<u>22,383</u>	<u>32,159</u>	<u>366,763</u>

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

GALEO Latino Community Development Fund, Inc.

Notes to the Financial Statements

December 31, 2020

1. Nature of the Organization

The GALEO Latino Community Development Fund, Inc. was formed in 2004 to promote engagement of the Latino and immigrant community in issues that matter to them. The Organization's efforts have focused upon immigration reform and voting rights, leadership development and civic engagement. The Organization receives funding from individual and corporate contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the modified cash basis of accounting under which only support and revenues collected, costs and expenses paid, and financial instruments arising from cash transactions are recognized. This is a comprehensive basis of accounting other than generally accepted accounting principles. Accounts receivable, accrued expenses, account payables, deferred expenses, and other assets and liabilities which may be material in amount are not reflected in cash basis statements; the Organization has adopted a modified cash basis presentation to present accrued expenses, accounts payable, and other obligations of the Organization. The financial statements are not intended to present the results of operations and financial position in conformity with generally accepted accounting principles. The Organization reports information regarding its assets, liabilities and net assets and support, revenues and expenses to two classes of net assets as follows:

Net Assets without Donor Restrictions are not subject to or no longer subject to donor-imposed time and/or purpose restrictions.

Net Assets with Donor Restrictions whose use is limited by donor-imposed time and/or purpose restrictions.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting mentioned above 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 reporting period. Actual results could differ from these estimates...

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and current accounts at banks.

Donated Assets, Space and Services

Donated marketable securities and other noncash donations are recorded as contributions

GALEO Latino Community Development Fund, Inc.

Notes to the Financial Statements

December 31, 2020

at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the years ended December 31, 2020 and 2019, the Organization recognized in-kind donations of services of \$1,815 and \$41,625 respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other 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.

3. Net Assets with Donor Restrictions

As described within Note 2, Net Assets with Donor Restrictions are comprised of contributions received subject to donor-imposed time or purpose restrictions. Net Assets with Donor Restrictions were \$0 and \$49,565 for the years ended December 31, 2020 and 2019 respectively.

	2020	2019
	\$	\$
Asian Americans Advancing Justice - Atlanta	-	34,565
Mary Reynolds Foundation	-	15,000
	<u>-</u>	<u>49,565</u>
Total	<u>-</u>	<u>49,565</u>

4. Income Taxes

GALEO Latino Community Development Fund, Inc. is exempt from federal income taxation under Internal Revenue Code Section 501(c)(3). Additionally, if the Organization generates income unrelated to their exempt purpose, the Organization would be subject to income taxes (unless the income is otherwise excluded by the Internal Revenue Code).

5. Liquidity Management

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	Amounts
	\$
Cash and Cash Equivalents	1,390,693
Less amounts restricted for donor purpose	-
Addition of restricted amounts available in one year	<u>-</u>
Total	<u>1,390,693</u>

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6. Lease Commitment

The Organization leases its administrative offices in conjunction with Georgia Association of Latino Elected Officials, Inc., allocating rent expense based on square footage used. For the years ended December 31, 2020 and 2019, the Organization's rental expense under this lease was \$10,200 and \$8,100, respectively. The operating lease agreement was amended during 2020 to extend the lease term through August 2021. Minimum future rental payments expected under the lease until expiration total \$6,800.

7. Contingencies

There are no pending significant legal proceedings to which the GALEO is a party for which management believes the ultimate outcome would have a material adverse effect on the Organization's financial position.

8. Subsequent Events

The Organization has evaluated subsequent events through November 13, 2021, which is the date the financial statements were available to be issued.