Hispanic Heritage Scholarship Fund
Of Metro Orlando, Inc.

Financial Statements

As of December 31, 2019

HISPANIC HERITAGE SCHOLARSHIP FUND OF METRO ORLANDO, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hispanic Heritage Scholarship Fund of Metro Orlando, Inc.
Orlando, FL

We have audited the accompanying financial statements of Hispanic Heritage Scholarship Fund of Metro Orlando, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 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 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 of 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 Hispanic Heritage Scholarship Fund of Metro Orlando, Inc. as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

SCHAFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

October 1, 2020

HISPANIC HERITAGE SCHOLARSHIP FUND OF METRO ORLANDO, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

Cash and cash equivalents	$ 129,059
Cash and cash equivalents restricted to fund scholarships	8,447
Total cash and cash equivalents	137,506
Investments	872,338
Accounts receivable	10,500
Prepaid expenses	1,434
Property and equipment - net	-
TOTAL ASSETS	$ 1,021,778

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	$ 4,669
Accrued scholarships	-
Total Liabilities	4,669
Net Assets	
Without donor restrictions	136,324
With donor restrictions	880,785
Total Net Assets	1,017,109
TOTAL LIABILITIES AND NET ASSETS	$ 1,021,778

See accompanying notes to the financial statements

HISPANIC HERITAGE SCHOLARSHIP FUND OF METRO ORLANDO, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 84,872	$ -	$ 84,872
Event revenue	99,335	-	99,335
Investment income	9	130,624	130,633
Net assets released from restrictions	20,000	(20,000)	-
Total Unrestricted Revenues	204,216	110,624	314,840
Expenses			
Program Services	167,538	-	167,538
Support Services			
Management and general	16,850	-	16,850
Fundraising	5,198	-	5,198
Total Expenses	189,586	-	189,586
Increase (Decrease) in Net Assets	14,630	110,624	125,254
Net Assets at Beginning of Year	121,694	770,161	891,855
Net Assets at End of Year	$ 136,324	$ 880,785	$ 1,017,109

See accompanying notes to the financial statements

HISPANIC HERITAGE SCHOLARSHIP FUND OF METRO ORLANDO, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

Increase in net assets	$ 125,254
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	106
Realized and unrealized gains on investments	(113,313)
Change in assets and liabilities:	
Increase in accounts receivable	(7,500)
Increase in prepaid expenses	(207)
Decrease in accounts payable and accrued expenses	(404)
Net Cash Provided by Operating Activities	3,936
Cash Flows from Investing Activities	
Purchase of investments	(116,841)
Proceeds from sale of investments	119,311
Net Cash Provided by Investing Activities	2,470
Cash Flows from Financing Activities	-
Net Increase in Cash	6,406
Cash at Beginning of year	131,100
Cash at End of Year	$ 137,506

Cash paid during the year for:	
Interest	$ -
Income taxes	$ -

See accompanying notes to the financial statements

HISPANIC HERITAGE SCHOLARSHIP FUND OF METRO ORLANDO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program Services	Management and General	Fund Raising	Total
Scholarships	$ 72,000	$ -	$ -	$ 72,000
Scholarship administration	47,550	-	-	47,550
Advertising	-	-	960	960
Event expenses	38,143	-	4,238	42,381
Depreciation	-	106	-	106
Insurance	-	1,551	-	1,551
Office expenses	-	3,257	-	3,257
Occupancy	-	6,298	-	6,298
Professional fees	9,845	4,299	-	14,144
Travel and meetings	-	1,339	-	1,339
Total	$ 167,538	$ 16,850	$ 5,198	$ 189,586

See accompanying notes to the financial statements

HISPANIC HERITAGE SCHOLARSHIP FUND OF METRO ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

NOTE 1 – Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in the understanding of the financial statements of the Hispanic Heritage Scholarship Fund of Metro Orlando, Inc. (the Organization). The financial statements and notes are representation of management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization – The Organization is a non-profit organization in Central Florida dedicated to providing scholarships to Hispanic students pursuing a college or university degree. It was incorporated in 2003 under the laws of the State of Florida.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958.

Revenue recognition – Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Non-cash contributions received by the Organization are recorded at management's estimate of the fair market value at the date received.

Adoption of New Accounting Standard - On January 1, 2019, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope.

The adoption of ASC 606 did not result in a change to the accounting for any of the Organization's revenue streams; as such, no cumulative effect adjustment was recorded.

NOTE 1 – Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Cash and cash equivalents include cash invested in liquid instruments with an original maturity of three months or less.

Receivables - Receivables are primarily for corporate sponsorships. Management considers all receivables to be collectible.

Property and equipment - Fixed assets are recorded at cost or, if donated, at the fair market value on the date of receipt. Depreciation of fixed assets is calculated using the straight line method over the estimated useful lives of the respective assets. Depreciation expense for the year ended December 31, 2019 was $106.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses - The costs of providing the various functions and other activities have been detailed in the statement of functional expenses. Salaries and other expenses which are associated with a specific function are charged directly to that function. Other expenses which benefit more than one function are allocated to the various functions based on the percentage of each function's salary expense to total salary expense or upon area usage.

NOTE 2 – Contributed Services

A number of unpaid volunteers have made contributions of their time in the management, administration and scholarship selection process of the organization. The value of this contributed time is not reflected in these financial statements because they did not meet the criteria for recognition as contributed services.

NOTE 3 – Property and Equipment:

Property and equipment consist of the following:

Furniture and equipment	$ 1,278
	1,278
Less accumulated depreciation	(1,278)
	$ -

NOTE 4 – Investments and Fair Value Measurements

Cost and fair value of investments at December 31, 2019 are as follows:

	Cost	Net Unrealized Gain (Loss)	Fair Value
Equity Funds	$ 149,095	$ 18,278	$ 167,373
Exchange Traded Products	588,323	74,350	662,673
Bond Funds	41,747	545	42,292
	$ 779,165	$ 93,173	$ 872,338

Generally accepted accounting principles provide a framework for measuring fair value and require expanded disclosure about fair value measurements of certain assets and liabilities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurements date. Generally accepted accounting principles also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value The standard describes three levels of input that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization utilizes Level 1 inputs to measure the fair value for all of the marketable securities.

NOTE 4 – Investments and Fair Value Measurements (continued)

At December 31, 2019, investment income consisted of the following:

Interest and dividend income	$ 23,290
Net realized gains	9,669
Net unrealized gains	103,645
Investment expenses	(5,971)
	$ 130,633

NOTE 5 – Restrictions on Net Assets

Endowment Fund

Net assets with donor restrictions at December 31, 2019 consist of an endowment fund established in 2016 to support the scholarship program. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be expended for the scholarship program. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various

NOTE 5 – Restrictions on Net Assets (continued)

Endowment Fund

funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide its scholarship program with current income. Endowment assets are invested in equity and bond funds and in exchange traded products. The Organization seeks to build endowment assets through additional contributions. The Organization has a policy of appropriating for scholarship distributions from the investment income of the endowment fund that is permanently restricted. This is consistent with the Organizations' objectives to provide income for its scholarship program and preserve endowment assets without subjecting them to substantial risk.

The composition of endowment net assets for this fund and the changes in endowment net assets as of December 31, 2019 are as follows:

	Income	Principal	Total
Endowment net assets, December 31, 2018	$ 20,161	$ 750,000	$ 770,161
Contributions	-	-	-
Investment income	26,979	-	26,979
Net appreciation	103,645	-	103,645
Amounts appropriated for expenditure	(20,000)	-	(20,000)
Endowment net assets, December 31, 2019	$ 130,785	$ 750,000	$ 880,785

NOTE 5 – Restrictions on Net Assets (continued)

Restricted net assets, which are not available for operating purposes, are included on the statement of financial position as follows:

Cash and cash equivalents restricted	$ 8,447
Investments	872,338
	$ 880,785

NOTE 6 – Lease Obligations

The Organization conducts its operations from a leased office facility, which is leased month-by-month. Rent expense was $4,800 in 2019.

NOTE 7 – Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code on income related to its tax-exempt purpose. The Organization had no unrelated business income during the year ended December 31, 2019, accordingly, no tax liability or provision has been provided for in the accompanying financial statements.

The Organization has adopted the provisions of ASC 740, Income Taxes. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2019, the Organization had no uncertain tax positions that quality for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax exempt status. The tax returns for the fiscal years ended from 2016 forward are open to examination by federal authorities.

NOTE 8 – Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with financial institutions and limits the amount on deposit to less than the amount covered by federal insurance.

NOTE 9 – Subsequent Events

Management Evaluation - The Organization has evaluated subsequent events through October 1, 2020, which is the date the financial statements were issued. All subsequent events requiring recognition as of October 1, 2020 have been incorporated into these financial statements.

Coronavirus Pandemic- On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.