

**LATIN AMERICAN COMMUNITY CENTER CORPORATION**

**FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT PACKAGE**

**DECEMBER 31, 2014 AND 2013**

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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**LATIN AMERICAN COMMUNITY CENTER CORPORATION**

**SECTION I**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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WHISMAN GIORDANO  
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

## INDEPENDENT AUDITORS' REPORT

Latin American Community Center Corporation  
Wilmington, Delaware

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Latin American Community Center Corporation, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows and functional expenses for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Latin American Community Center Corporation as of December 31, 2014 and 2013, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of Latin American Community Center Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Latin American Community Center Corporation's internal control over financial reporting and compliance.



June 29, 2015  
Newark, Delaware

LATIN AMERICAN COMMUNITY CENTER CORPORATION  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 379,358	\$ 152,015
Restricted cash	7,466	7,464
Accounts receivable	461,863	848,550
Loan receivable	50	-
Prepaid expenses	75,393	22,936
<b>Total current assets</b>	<b>924,130</b>	<b>1,030,965</b>
<b>PROPERTY AND EQUIPMENT</b>	<b>1,857,850</b>	<b>1,998,596</b>
<b>INVESTMENTS</b>	<b>100,894</b>	<b>384,423</b>
<b>OTHER ASSETS</b>	<b>15,341</b>	<b>5,915</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,898,215</b>	<b>\$ 3,419,899</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 310,000	\$ 240,000
Current portion of long-term debt	44,757	45,628
Accounts payable	144,414	41,845
Salaries payable	87,790	89,806
Accrued vacation	105,209	122,172
Deferred revenue	277,691	44,037
Funds held for others	7,466	7,451
<b>Total current liabilities</b>	<b>977,327</b>	<b>590,939</b>
<b>LONG-TERM DEBT</b>	<b>569,908</b>	<b>604,705</b>
<b>Total Liabilities</b>	<b>1,547,235</b>	<b>1,195,644</b>
<b>NET ASSETS</b>		
Unrestricted net assets	859,179	1,332,732
Temporarily restricted net assets	491,801	891,523
<b>Total net assets</b>	<b>1,350,980</b>	<b>2,224,255</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,898,215</b>	<b>\$ 3,419,899</b>

*See accompanying notes to financial statements.*

LATIN AMERICAN COMMUNITY CENTER CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Grants and contributions	\$ 3,947,284	\$ -	\$ 3,947,284
United way of Delaware	269,782	-	269,782
Program service fees	466,182	-	466,182
Special events	80,464	-	80,464
Rents	20,855	-	20,855
Unrealized gain on investments	15,988	-	15,988
Gain (loss) on disposal of fixed assets	-	-	-
Interest and dividends	3,787	-	3,787
Net assets released from restriction	444,743	(444,743)	-
<b>Total support and revenues</b>	<b>5,249,084</b>	<b>(444,743)</b>	<b>4,804,341</b>
<b>EXPENSES AND LOSSES</b>			
Program	4,436,744	-	4,436,744
Management and general	822,728	-	822,728
Fundraising	218,419	-	218,419
<b>Total expenses and losses</b>	<b>5,477,891</b>	<b>-</b>	<b>5,477,891</b>
<b>OPERATING CHANGE IN NET ASSETS</b>	<b>(228,807)</b>	<b>(444,743)</b>	<b>(673,550)</b>
<b>NON-OPERATING ITEMS</b>			
Capital campaign contributions	-	120,275	120,275
Capital campaign fund raising expense	(320,000)	-	(320,000)
Non-Operating release from restriction	75,254	(75,254)	-
	<b>(244,746)</b>	<b>45,021</b>	<b>(199,725)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(473,553)</b>	<b>(399,722)</b>	<b>(873,275)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>1,332,732</b>	<b>891,523</b>	<b>2,224,255</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 859,179</b>	<b>\$ 491,801</b>	<b>\$ 1,350,980</b>

See accompanying notes to financial statements.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Grants and contributions	\$ 2,938,717	\$ 1,494,913	\$ 4,433,630
United way of Delaware	226,188	-	226,188
Program service fees	469,661	-	469,661
Special events	109,282	-	109,282
Rents	12,267	-	12,267
Unrealized gain on investments	36,719	-	36,719
Gain (loss) on disposal of fixed assets	(46,550)	-	(46,550)
Interest and dividends	5,239	-	5,239
Net assets released from restriction	1,447,550	(1,447,550)	-
<b>Total support and revenues</b>	<b>5,199,073</b>	<b>47,363</b>	<b>5,246,436</b>
<b>EXPENSES AND LOSSES</b>			
Program	4,356,377	-	4,356,377
Management and general	923,479	-	923,479
Fundraising	109,737	-	109,737
<b>Total expenses and losses</b>	<b>5,389,593</b>	<b>-</b>	<b>5,389,593</b>
<b>OPERATING CHANGE IN NET ASSETS</b>	<b>(190,520)</b>	<b>47,363</b>	<b>(143,157)</b>
<b>NON-OPERATING ITEMS</b>			
Capital campaign contributions	-	-	-
Capital campaign fund raising expense	(45,000)	-	(45,000)
Non-Operating release from restriction	128,600	(128,600)	-
	<b>83,600</b>	<b>(128,600)</b>	<b>(45,000)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(106,920)</b>	<b>(81,237)</b>	<b>(188,157)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>1,439,652</b>	<b>972,760</b>	<b>2,412,412</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,332,732</b>	<b>\$ 891,523</b>	<b>\$ 2,224,255</b>

See accompanying notes to financial statements.

LATIN AMERICAN COMMUNITY CENTER CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 2,564,117	\$ 407,016	\$ 130,242	\$ 3,101,375
Payroll taxes and benefits	589,653	172,840	23,074	785,567
Training and development	74,990	2,857	-	77,847
	<u>3,228,760</u>	<u>582,713</u>	<u>153,316</u>	<u>3,964,789</u>
Vehicle	6,521	6,100		12,621
Travel	70,024	1,736	-	71,760
Contract Labor	121,415	22,243	63,652	207,310
Program Supplies	66,643	8,301	-	74,944
Food Supplies	195,610	11,803	-	207,413
Client Assistance and Awards	18,715	600	-	19,315
Relocation	-	-	-	-
Rental of equipment and facilities	28,614	33,820	-	62,434
Field Trips	35,028	-	-	35,028
Dues and subscriptions	582	4,848	-	5,430
Building related	234,956	30,222	-	265,178
Telephone	56,441	7,705	717	64,863
Office Supplies	33,532	3,825	734	38,091
Bad debt	-	8,682	-	8,682
Contractual services	10,551	37,604	-	48,155
Postage and printing	17,105	1,317	-	18,422
Insurance	75,932	14,110	-	90,042
Interest	42,679	7,039	-	49,718
Depreciation	182,212	33,788	-	216,000
Miscellaneous	11,424	6,272	-	17,696
	<u>\$ 4,436,744</u>	<u>\$ 822,728</u>	<u>\$ 218,419</u>	<u>\$ 5,477,891</u>

*See accompanying notes to financial statements.*

LATIN AMERICAN COMMUNITY CENTER CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 2,637,760	\$ 512,053	\$ 91,208	\$ 3,241,021
Payroll taxes and benefits	535,660	182,144	16,763	734,567
Training and development	57,377	397	-	57,774
	<u>3,230,797</u>	<u>694,594</u>	<u>107,971</u>	<u>4,033,362</u>
Vehicle	8,733	4,848	-	13,581
Travel	62,900	4,816	-	67,716
Contract Labor	75,820	6,817	876	83,513
Program Supplies	103,888	9,386	-	113,274
Food Supplies	192,749	3,198	-	195,947
Client Assistance and Awards	8,751	600	-	9,351
Relocation	5,585	-	-	5,585
Rental of equipment and facilities	27,941	23,677	-	51,618
Field Trips	11,014	-	-	11,014
Dues and subscriptions	1,234	3,970	-	5,204
Building related	235,144	35,797	-	270,941
Telephone	49,131	7,637	281	57,049
Office Supplies	41,043	3,571	609	45,223
Bad debt	-	21,482	-	21,482
Contractual services	11,488	18,709	-	30,197
Postage and printing	12,619	1,881	-	14,500
Insurance	47,597	10,712	-	58,309
Interest	46,148	8,348	-	54,496
Depreciation	169,160	56,387	-	225,547
Miscellaneous	14,635	7,049	-	21,684
	<u>\$ 4,356,377</u>	<u>\$ 923,479</u>	<u>\$ 109,737</u>	<u>\$ 5,389,593</u>

*See accompanying notes to financial statements.*

LATIN AMERICAN COMMUNITY CENTER CORPORATION

STATEMENT OF PROGRAM SERVICE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Life Long Learning			Life Empowerment				Total
	Early Development Center	Youth Development Services	Adult Basic Education	Family Support Services	Mental Health Services	Prevention and Advocacy	DE-Lead	
Salaries and wages	\$ 1,035,341	\$ 578,963	\$ 103,359	\$ 224,562	\$ 270,185	\$ 351,707	\$ -	\$ 2,564,117
Payroll taxes and benefits	263,394	107,338	30,732	49,529	45,199	93,461	-	589,653
Training and development	62,672	7,110	230	25	695	4,258	-	74,990
	1,361,407	693,411	134,321	274,116	316,079	449,426	-	3,228,760
Vehicle	-	6,098	-	-	423	-	-	6,521
Travel	9,846	46,550	1,490	314	333	11,491	-	70,024
Contract Labor	33,765	51,347	2,995	4,960	20,255	8,093	-	121,415
Program Supplies	10,182	51,304	429	201	543	3,984	-	66,643
Food Supplies	93,735	101,070	100	-	9	696	-	195,610
Client Assistance and Awards	-	-	-	9,306	-	9,409	-	18,715
Relocation	-	-	-	-	-	-	-	-
Rental of equipment and facilities	636	3,700	23,274	-	304	700	-	28,614
Field Trips	1,482	33,161	-	-	-	385	-	35,028
Dues and subscriptions	320	74	13	22	27	126	-	582
Building related	91,514	49,299	27,865	12,321	32,336	21,621	-	234,956
Telephone	17,318	13,627	4,170	6,477	7,203	7,646	-	56,441
Office Supplies	8,121	7,167	1,909	2,960	6,677	6,698	-	33,532
Bad debt	-	-	-	-	-	-	-	-
Contractual services	2,711	3,360	-	1,144	1,419	1,917	-	10,551
Postage and printing	3,918	10,221	333	565	1,119	949	-	17,105
Insurance	30,184	19,813	3,567	5,591	7,138	9,639	-	75,932
Interest	15,010	14,692	1,774	2,861	3,549	4,793	-	42,679
Depreciation	72,279	47,443	8,542	13,775	17,092	23,081	-	182,212
Miscellaneous	4,226	2,881	499	805	1,664	1,349	-	11,424
	<u>\$ 1,756,654</u>	<u>\$ 1,155,218</u>	<u>\$ 211,281</u>	<u>\$ 335,418</u>	<u>\$ 416,170</u>	<u>\$ 562,003</u>	<u>\$ -</u>	<u>\$ 4,436,744</u>

See accompanying notes to financial statements.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

STATEMENT OF PROGRAM SERVICE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Life Long Learning			Life Empowerment				Total
	Early Development Center	Youth Development Services	Adult Basic Education	Family Support Services	Mental Health Services	Prevention and Advocacy	DE-Lead	
Salaries and wages	\$ 855,847	\$ 592,829	\$ 105,672	\$ 205,321	\$ 370,917	\$ 331,463	\$ 175,711	\$ 2,637,760
Payroll taxes and benefits	184,636	91,525	27,292	43,678	58,770	87,883	41,876	535,660
Training and development	42,599	1,519	-	85	4,786	5,713	2,675	57,377
	1,083,082	685,873	132,964	249,084	434,473	425,059	220,262	3,230,797
Vehicle	23	6,103	3	5	983	78	1,538	8,733
Travel	5,763	44,504	1,217	631	1,825	8,837	123	62,900
Contract Labor	26,336	17,306	217	695	30,946	-	320	75,820
Program Supplies	27,993	38,313	1,555	2,543	3,837	11,589	18,058	103,888
Food Supplies	91,964	98,732	2	149	1,097	518	287	192,749
Client Assistance and Awards	-	-	-	2,675	2,500	3,576	-	8,751
Relocation	-	-	-	-	-	-	5,585	5,585
Rental of equipment and facilities	-	2,025	24,936	-	380	600	-	27,941
Field Trips	798	10,216	-	-	-	-	-	11,014
Dues and subscriptions	227	10	-	-	947	50	-	1,234
Building related	90,170	49,078	7,872	10,896	39,219	19,905	18,004	235,144
Telephone	11,901	9,546	3,054	5,440	8,753	6,063	4,374	49,131
Office Supplies	8,015	11,324	1,547	1,803	8,807	7,412	2,135	41,043
Bad debt	-	-	-	-	-	-	-	-
Contractual services	629	1,040	9,086	128	252	227	126	11,488
Postage and printing	2,976	3,116	767	598	1,659	2,923	580	12,619
Insurance	16,029	11,705	2,181	3,261	6,408	5,777	2,236	47,597
Interest	12,492	17,420	1,699	2,541	4,994	4,502	2,500	46,148
Depreciation	50,748	55,822	5,075	18,607	16,916	21,992	-	169,160
Miscellaneous	3,500	2,833	472	706	4,849	1,462	813	14,635
	<u>\$ 1,432,646</u>	<u>\$ 1,064,966</u>	<u>\$ 192,647</u>	<u>\$ 299,762</u>	<u>\$ 568,845</u>	<u>\$ 520,570</u>	<u>\$ 276,941</u>	<u>\$ 4,356,377</u>

See accompanying notes to financial statements.

LATIN AMERICAN COMMUNITY CENTER CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received	\$ 5,525,130	\$ 4,958,558
Cash paid to employees and suppliers	(5,501,096)	(5,121,221)
Interest received	3,787	5,239
Interest paid	(49,718)	(54,496)
Net cash (used for) operating activities	(21,897)	(211,920)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment additions	(75,254)	(48,892)
Loss on disposal of assets	-	46,550
Sale of investments	303,066	50,000
Purchase of investments	(12,904)	(51,307)
Net cash provided by (used for) investing activities	214,908	(3,649)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (repayments of) line of credit	70,000	240,000
Repayments of long-term debt	(35,668)	(40,724)
Net cash provided by financing activities	34,332	199,276
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>227,343</b>	<b>(16,293)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>152,015</b>	<b>168,308</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 379,358</b>	<b>\$ 152,015</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED FOR) OPERATING ACTIVITIES</b>		
Change in net assets	\$ (873,275)	\$ (188,157)
<i>Adjustments to reconcile change in net assets to net cash (used for) operating activities</i>		
Depreciation	216,000	225,547
Unrealized (gain) on investments	(15,988)	(36,719)
Bad debt expense	8,682	21,482
Donated assets	-	-
<i>(Increase) decrease in assets</i>		
Restricted cash	(2)	(5)
Accounts receivable	378,005	(324,432)
Loan receivable	(50)	13,000
Prepaid expenses	(52,457)	2,570
<i>Increase (decrease) in liabilities</i>		
Salaries payable	(2,016)	17,758
Accounts payable	102,498	17,166
Accrued vacation	(16,963)	(4,167)
Deferred revenue	233,654	44,037
Funds held for others	15	-
<b>NET CASH (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (21,897)</b>	<b>\$ (211,920)</b>

See accompanying notes to financial statements.

## LATIN AMERICAN COMMUNITY CENTER CORPORATION

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Nature of Business*

Latin American Community Center Corporation (LACC or the “entity”) is a nonprofit entity that has a mission to advocate for and assist the Latino community by offering resources and programs that promote empowerment and an enhanced quality of life while celebrating diverse cultures.

LACC provides a variety of programs for children and their families, as well as, for senior citizens. LACC groups these programs into two major divisions: Life Long Learning and Life Empowerment. Within the Life Long Learning division there are three departments: Early Development Center, Youth Development Services and Adult Basic Education. Within the Life Empowerment division there are also three departments: Family Support Services, Mental Health Services and Prevention and Advocacy. This structure enables LACC to provide bilingual expeditionary learning for children (toddlers through age 4), before and after school activities (grades K through 8), high school credit recovery, tutoring, drug and violence prevention, teenage leadership training, English as a second language, GED classes, mental health therapy, parenting classes, financial & digital literacy, workforce development, basic needs emergency assistance and the promotion of healthy homes and healthy families.

##### *Applicable Financial Reporting Framework*

The financial position and results of activities of Latin American Community Center have been reported on an acceptable applicable financial reporting framework. The applicable financial reporting framework used by the entity is U.S. generally accepted accounting principles (GAAP). Under this financial reporting framework, revenues are recognized in the period when earned and expenses are recorded when a liability is incurred.

##### *Financial Statement Presentation*

The entity adheres to ASC 958, “*Financial Statements of Not-For-Profit Entities.*” Under ASC 958, the entity is required to report information regarding its financial position and its activities as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

*Unrestricted* - Net Assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

*Temporarily Restricted* - Net Assets whose use by the entity is subject to donor-imposed stipulations that can be fulfilled by actions of the entity pursuant to those stipulations or that expire by the passage of time.

*Permanently Restricted* - Net Assets subject to donor-imposed stipulations that they be maintained in perpetuity. The entity has no permanently restricted net assets.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions include but are not limited to accounts and grants receivable and the related allowance for uncollectible accounts, the fair value of investments, useful lives selected for depreciating property and equipment, the timing of the recognition of certain revenue, and reserves for contingencies of program or grant audits. Management bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Management does not believe that any of its estimates involve assumptions that are highly uncertain or that different, reasonable estimates, or changes in accounting estimates that are reasonably likely to occur, would have a material impact on the financial statements. To the extent there are material differences between management's estimates and actual results, future results of operations will be affected.

*Financial Instruments*

Financial instruments which potentially subject the entity to significant concentrations of credit risk consist principally of investments. The entity places its investments with credit worthy financial institutions. By policy, these investments are kept within limits designed to prevent risk caused by concentration.

Other financial instruments, which potentially subject the entity to significant concentrations of credit risk, are principally cash deposits. Cash deposits are maintained in highly rated financial institutions. Generally accounts at such institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances exceed the federally insured limit at various times during the year. Management continually monitors the financial strength of the institutions and believes the risk of loss to be nominal.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Cash and Cash Equivalents*

The entity considers all highly liquid investments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents. All other highly liquid instruments, which are to be used for long-term purposes are classified as investments.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

*Risks and Uncertainties*

The entity invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of activities.

*Property and Equipment*

Property and equipment is stated at cost, or if donated at fair market value on the date of receipt. Expenditures for maintenance and repairs are charged to expense as incurred; costs of renewals and betterments are capitalized. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities. Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable.

LATIN AMERICAN COMMUNITY CENTER CORPORATION  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Property and Equipment (Continued)*

Depreciation is computed using the straight-line method based upon the estimated useful life of the related asset as follows:

Buildings and improvements	5 – 30 years
Furniture, fixtures and equipment	5 years
Automotive	5 years

*Restricted and Unrestricted Revenue and Support*

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Functional Allocation of Expenses*

The costs of providing 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 the supporting services benefited. Certain accounts from the prior year's functional allocation have been reclassified to conform to current year allocations.

*Income Taxes*

The entity is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore no provision for income taxes has been made in the financial statements. In addition, the entity has been classified as one that is not a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

LATIN AMERICAN COMMUNITY CENTER CORPORATION  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Income Taxes (Continued)*

Although the entity is not subject to federal and state income taxes, the entity is required to adhere to ASC 740, "Accounting for Income Taxes", which applies to all entities including those that are tax exempt. ASC 740 clarifies the accounting and reporting for income taxes where interpretation of the tax law may be uncertain. ASC 740 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax returns.

Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if the respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Currently, the December 31, 2011, 2012 and 2013 tax years are open and subject to examination by the Internal Revenue Service. However, the entity is not currently under audit nor has the entity been contacted by this jurisdiction. Any interest and penalties related to income taxes would be included in income tax expense. There are no interest and penalties as of December 31, 2014 and 2013.

NOTE B - ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable are reported at an amount management expects to collect from outstanding balances. Differences between the amounts due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to a valuation allowance and a credit to accounts receivable. At December 31, 2014 and 2013 the allowance for uncollectible accounts amounted to \$-0- and \$350,050, respectively.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS

Investments were comprised of the following:

	2014	2013
Vanguard prime money market fund	\$ 3,138	\$ 110,133
Vanguard asset allocation fund	75,956	253,435
Vanguard 500 index fund	5,571	4,908
	84,665	368,476
Delaware Community Foundation	16,229	15,947
	\$ 100,894	\$ 384,423

As of December 31, 2014 the entity invested certain funds received from grants.

NOTE D - FAIR VALUE MEASUREMENTS AND DISCLOSURES

The entity adheres to ASC 820 "*Fair Value Measurements and Disclosures*". ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 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 measurement date.

As a basis for considering assumptions, ASC 820 establishes a hierarchical framework for measuring fair value (the fair value hierarchy) as follows:

*Level 1* - Quoted prices in active markets for identical assets or liabilities. Level 1 assets include money market funds, debt and equity securities that are traded in active exchange markets, as well as certain U.S. Treasury and other U.S. Governments and agencies that are highly liquid and are actively traded in over-the-counter markets.

*Level 2* - Observable inputs other than Level 1 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 same 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.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE D - FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The valuation methodologies used for assets measured at fair value may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below presents the financial instruments carried at fair value as of December 31, 2014 and 2013 by the ASC 820 valuation hierarchy defined above.

<i>December 31, 2014</i>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Money market funds	\$ 3,138	\$ 3,138	\$ -	\$ -
Mutual funds	<u>97,756</u>	<u>96,620</u>	<u>-</u>	<u>1,136</u>
	<u>\$ 100,894</u>	<u>\$ 99,758</u>	<u>\$ -</u>	<u>\$ 1,136</u>
<i>December 31, 2013</i>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Money market funds	\$ 110,133	\$ 110,133	\$ -	\$ -
Mutual funds	<u>274,290</u>	<u>273,158</u>	<u>-</u>	<u>1,132</u>
	<u>\$ 384,423</u>	<u>\$ 383,291</u>	<u>\$ -</u>	<u>\$ 1,132</u>

The following is a schedule of fair value measurements using unobservable inputs (level 3):

Balance, December 31, 2013	\$ 1,132
Unrealized gains	<u>4</u>
Balance December 31, 2014	<u>\$ 1,136</u>

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation consisted of the following:

	<u>Land Buildings and Improvements</u>	<u>Furniture Fixtures and Equipment</u>	<u>Automotive</u>	<u>Construction in Progress</u>	<u>Total</u>
<i>Property and equipment</i>					
Balance, January 1, 2013	\$ 5,024,514	\$ 761,374	\$ 161,043	\$ -	\$ 5,946,931
Additions	72,312	52,583	-	-	124,895
Disposals	<u>(80,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(95,000)</u>
Balance, December 31, 2013	5,016,826	813,957	146,043	-	5,976,826
Additions	1,404	26,784	-	47,066	75,254
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2014	5,018,230	840,741	146,043	47,066	6,052,080
<i>Accumulated Depreciation</i>					
Balance, January 1, 2013	3,042,232	648,964	80,487	-	3,771,683
Additions	185,510	35,547	4,490	-	225,547
Disposals	<u>(13,000)</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>	<u>(19,000)</u>
Balance, December 31, 2013	3,214,742	684,511	78,977	-	3,978,230
Additions	174,749	36,741	4,510	-	216,000
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2014	<u>3,389,491</u>	<u>721,252</u>	<u>83,487</u>	<u>-</u>	<u>4,194,230</u>
Net property and equipment December 31, 2014	<u>\$ 1,628,739</u>	<u>\$ 119,489</u>	<u>\$ 62,556</u>	<u>\$ 47,066</u>	<u>\$ 1,857,850</u>

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE F - LINE OF CREDIT

At December 31, 2014 the entity has available a \$500,000 revolving line of credit with TD Bank. Borrowings against the line are due on demand, require interest calculated at a variable rate, which was 4.25% as of December 31, 2014 and are secured by substantially all assets of the entity. At December 31, 2014 and 2013, borrowings against the line amounted to \$310,000 and \$240,000, respectively.

NOTE G - ACCRUED VACATION

Accrued vacation is comprised of amounts accrued for vacation which will be paid out to employees upon their termination provided they supply the entity with a two-week notice of their anticipated departure; otherwise, all amounts previously accrued will be forfeited. The amount of accrued vacation at December 31, 2014 and 2013 amounted to \$105,209 and \$122,172, respectively. Management has implemented a plan to monitor the amount of accrued vacation to limit the exposure of the entity at any given time.

NOTE H - LONG TERM DEBT

	2014	2013
Purchase money mortgage payable to Mandarin Management Systems, interest only at 8% with a balloon payment due March 2014. This note was refinanced in March 2014.	\$ -	\$ 200,000
Capital lease payable to Chesapeake Industrial Leasing Company, payable in monthly installments of \$1,942 including interest at 10.584%, secured by a 72 passenger bus. This lease was paid off in August, 2014.	-	23,777
Loan payable to TD Bank, payable in monthly installments of \$2,028 including interest at 5.28% through July 2024, secured by the building at 403 N. Van Buren Street, Wilmington, Delaware.	183,900	197,983

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE H - LONG TERM DEBT (CONTINUED)

	2014	2013
Loan payable to TD Bank, payable in monthly installments of \$2,087 including interest at 5.28%, through September 2026, secured by the building at 301 N. Harrison Street, Wilmington, Delaware.	215,450	228,573
Loan payable to Nissan Motor Acceptance Corporation, payable in monthly installments of \$514 including interest at 4.53%, through December 2017, secured by a 2012 Nissan cargo van.	15,025	-
Loan payable to TD Bank, payable in monthly installments of \$1,316 including interest at 4.6%, through March 2034, secured by property located at 1017-1021 W. 4th Street, Wilmington, Delaware.	200,290	-
	614,665	650,333
Less: current portion	44,757	45,628
	\$ 569,908	\$ 604,705

Future maturities of long-term debt are as follows:

2014	\$ 44,757
2015	44,178
2016	39,905
2017	42,012
2018	44,230
Thereafter	399,583
	\$ 614,665

LATIN AMERICAN COMMUNITY CENTER CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	2014	2013
Restricted for property and equipment	\$ 371,526	\$ 446,780
Capital campaign	120,275	-
Restricted for program and operating use	-	444,743
	\$ 491,801	\$ 891,523

NOTE J - TAX SHELTERED ANNUITY

The entity participates in a tax sheltered annuity for its eligible employees. The entity contributed \$46,619 and \$44,384 for the years ended December 31, 2014 and 2013, respectively.

NOTE K - RELATED PARTY TRANSACTIONS

The President and CEO of the entity serves as vice-president of the board of directors for Los Jardines, Inc. From time to time, the entity provides goods and services to Los Jardines, Inc., which are properly documented, and appropriately allocated and reimbursed to the entity. During 2014 and 2013, Los Jardines, Inc.'s reimbursement to the entity was insignificant.

During 2012, LACC advanced \$18,000 to Academia Antonia Alonso (AAA) to facilitate the formation of a Delaware Charter School. The Board of Directors of LACC resolved that LACC would provide a grant of \$5,000, and a loan of up to \$15,000. LACC received a \$5,000 restricted donation to provide the grant to AAA. While AAA is an independent entity, the President and CEO is a board member of AAA. As of December 31, 2013, LACC had been paid in full by AAA.

In addition, at various times throughout the year the entity buys promotional materials and services from an entity owned by the son of the President and CEO. These transactions are based on comparative pricing and the decision to purchase such materials and services is determined by program personnel. The total amount purchased during the years ended December 31, 2014 and 2013 amounted to \$11,311 and \$14,240, respectively.

**LATIN AMERICAN COMMUNITY CENTER CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE L - LEAD HAZARD REDUCTION DEMONSTRATION GRANT**

On April 11, 2013, Latin American Community Center (LACC) received notification from the City of Wilmington (the City) that the Sub-Grant Agreement for the Lead Hazard Reduction Demonstration Grant (the Grant) by and between the City and LACC would be terminated on May 14, 2013. The Notice of Termination outlines certain reasons for the City's action. Further, on April 16, 2013 LACC received notification of the procedures the City would employ regarding the determination of how payments would be processed by the City. As a result of this notification, together with other issues associated with the termination notice, LACC substantially increased the allowance for uncollectible accounts to provide for, among other receivables, all receivables associated with the Grant.

Management of LACC, with advice of counsel, continues to review and consider all available options.

**NOTE M - CHANGE IN ACCOUNTING PRINCIPLE**

Prior to 2014 the entity's position with respect to the recognition of certain program related contract fees and billings was to account for such items as temporarily restricted revenue which was later released from restriction as the related costs were incurred.

Effective January 1, 2014 certain resources received in exchange transactions for specific programs or activities that have not taken place are recognized as deferred revenue in the statement of financial position on the basis that the earnings process has not been completed. Accordingly, management has changed its method of recognizing revenue for certain programs. The effect of the change was to record certain resources amounting to \$277,691 in 2014 as deferred revenue. There was no change on the 2013 financial statements.

**NOTE N - SUBSEQUENT EVENTS**

As part of the line of credit arrangements with TD Bank, the entity is required to arrest the borrowings for an uninterrupted thirty day period. This condition was not met as of June 29, 2015. Management intends to discuss this matter with representatives from TD Bank.

Management has reviewed and evaluated all other subsequent events through June 29, 2015, the date the financial statements were available to be issued, and has determined there were no other matters that require adjustment to or disclosure in the December 31, 2014 financial statements.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

SECTION II

SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS



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## INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Latin American Community Center Corporation  
Wilmington, Delaware

We have audited the financial statements of Latin American Community Center Corporation as of and for the year ended December 31, 2014, and have issued our report thereon dated June 29, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

June 29, 2015  
Newark, Delaware

LATIN AMERICAN COMMUNITY CENTER CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2014

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>		
<i>Passed through the State of Delaware</i>		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	\$ 49,598
Child and Adult Care Food Program	10.558	231,477
Summer Food Service Program for Children	10.559	<u>58,838</u>
<i>Total U.S. Department of Agriculture</i>		339,913
<b>U.S. Department of Justice</b>		
<i>Passed through the State of Delaware</i>		
Crime Victim Assistance	16.575	46,960
Violence against Women Formula Grants	16.588	<u>50,053</u>
<i>Total U.S. Department of Justice</i>		97,013
<b>U.S. Department of Education</b>		
<i>Passed through the State of Delaware</i>		
Adult Education - Basic Grants to States	84.002	102,439
Twenty-First Century Community Learning Centers	84.287	<u>325,110</u>
<i>Total U.S. Department of Education</i>		427,549

LATIN AMERICAN COMMUNITY CENTER CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2014

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>		
<i>Passed through First State Community Action Agency</i>		
Community Services Block Grant	93.569	78,240
<i>Passed through the State of Delaware</i>		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	124,130
Promoting Safe and Stable Families	93.556	7,725
Community Services Block Grant	93.569	31,895
Social Services Block Grant	93.667	174,200
Block Grants for Prevention and treatment of Substance Abuse	93.959	<u>152,683</u>
<i>Total U.S. Department of Health and Human Services</i>		<u>568,873</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 1,433,348</u></u>

LATIN AMERICAN COMMUNITY CENTER CORPORATION  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards include the federal grant activity of Latin American Community Center Corporation and is presented on the accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

SECTION III

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

We have audited Latin American Community Center Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Latin American Community Center Corporation's major federal programs for the year ended December 31, 2014. Latin American Community Center Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Latin American Community Center Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Latin American Community Center Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Latin American Community Center Corporation's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Latin American Community Center Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Latin American Community Center Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, reading "Whisman, Jordan". The signature is written in black ink and is positioned above a horizontal line.

June 29, 2015  
Newark, Delaware



WHISMAN GIORDANO  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Latin American Community Center Corporation  
Wilmington, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Latin American Community Center Corporation, which comprise the Statement of Financial Position as of December 31, 2014 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 June 29, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Latin American Community Center Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Latin American Community Center Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Latin American Community Center Corporation'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 a 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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Report on Internal Control Over Compliance

Management of Latin American Community Center Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Latin American Community Center Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Latin American Community Center Corporation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



June 29, 2015  
Newark, Delaware

**LATIN AMERICAN COMMUNITY CENTER CORPORATION**

**SECTION IV**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

LATIN AMERICAN COMMUNITY CENTER CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2014

A. SUMMARY OF AUDITORS' RESULTS

1. *Independent Auditors' Report*

For the year ended December 31, 2014, we issued an unmodified opinion on the financial statements of Latin American Community Center Corporation

2. *Significant Deficiencies in Internal Control*

Our audit of the financial statements of Latin American Community Center Corporation disclosed no significant deficiencies in internal control during 2014.

3. *Material Noncompliance*

Our audit of the financial statements of Latin American Community Center Corporation disclosed no instances of noncompliance deemed material to the financial statements for the year ended December 31, 2014.

4. *Significant Deficiencies in Internal Control over Major Programs*

Our audit report on compliance with the requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 is contained in Section III. We noted no significant deficiencies in internal control during 2014. No material weaknesses were noted.

5. *Type of Report Issued on Compliance For Major Programs*

Our report on compliance for major programs for Latin American Community Center Corporation for the year ended December 31, 2014 was unmodified.

6. *Major Programs*

CFDA No. 10.558, Child and Adult Care Food Program, CFDA No. 93.667, Social Services Block Grant, and CFDA No. 84.287, 21<sup>st</sup> Century Community Learning Centers comprise the major programs for the year ended December 31, 2014.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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A. SUMMARY OF AUDITORS' RESULTS (CONTINUED)

7. *Type A and Type B Programs Including Low Risk Audit Qualifications*

The dollar threshold to distinguish between Type A and Type B Programs was \$300,000.

The organization did not qualify as a low-risk auditee.

B. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

1. *Items Material to the Financial Statements*

Our audit of the financial statements of Latin American Community Center Corporation disclosed no items material to the financial statements nor were any irregularities, illegal acts or instances of noncompliance that are material to the financial statements noted.

2. *Internal Control Over the Financial Statements*

Questioned Cost

**Current Year**

None.

**Prior Year**

None.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

1. *Internal Control Over Major Programs*

Questioned Cost

Current Year

None.

2. *Noncompliance With The Provisions of Laws, Regulations, and Contracts on Grant Agreements Related to a Major Program*

There were no items of noncompliance with the provisions of laws, regulations, and contracts on grant agreements related to major programs.

3. *Prior Year Findings*

None.

4. *Known or Likely Questioned Costs Greater Than \$10,000*

There were no known or likely questioned costs that are greater than \$10,000 for any type of compliance requirement for federal programs for the year ended December 31, 2014.

5. *Circumstances Concerning Why The Auditor's Report On Compliance For Major Programs Is Other Than An Unqualified Opinion.*

This matter is not applicable since the opinion on compliance for major programs was unmodified.

6. *Known Fraud Affecting A Federal Award*

We are not aware of any instances of fraud affecting a federal award.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS  
(CONTINUED)

7. *Oversight Agency Findings*

**Current Year**

None.

**Prior Year**

The Delaware Department of Education found the following items during their review of the Child and Adult Care Food Program, CFDA No. 10.558.

- 1) **Inaccurate Claim Forms:** LACC failed to submit an accurate claim for reimbursement for La Fiesta I for March 2013. Eligibility was incorrectly noted in the Income Eligibility Forms (IEFs) of seven program participants. An IEF was not on file for two participants. Eligibility for the month of March was noted on the roster for one participant; however, she was not in attendance during the month under review.

**Required Action/Recommendations:** The sponsoring organization must ensure that an accurate claim for reimbursement is accurately reported per 7 CFR 226.11(b).

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

- 2) **Record Keeping Practices are not Accurate:** During March 2013, LACC failed to utilize the *CACFP Worksheet for Reporting Documented CACFP Costs*, a document provided by Delaware Department of Education for documenting CACFP expenses (operating and administrative).

**Required Action/Recommendations:** LACC must be sure to utilize the *CACFP Worksheet for Reporting Documented CACFP Costs*.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2014

C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS  
(CONTINUED)

7. *Oversight Agency Findings (Continued)*

- 3) **Using Funds for Uncollectable Costs and Record Keeping Practices are not Accurate:** Documentation to support labor costs charged to the CACFP as required by FNS Instruction 796-2 Rev.3 was not maintained. On the day of the review, reviewers were provided with Time Card Reports (clock-in, clock-out sheets) for the cooks. 100 percent of their labor is charged to the fund program. However, their time cards were not signed by the employee and supervisory official.

**Required Action/Recommendations:** LACC must ensure compliance with FNS Instruction 796-2 Rev.3, labor documentation must be signed by the employee and supervisory official. Additionally, time distribution reports must be complete and available for all labor costs charged for individuals who are part-time or for whom a portion of labor is charged to the food program.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

- 4) **Using Funds for Unallowable Costs:** LACC charged costs to the CACFP that were not allowable. The reviewers noted unallowable items, which included certain candy, coffee, and generic bottled water, charged to the food program. Total unallowable costs amounted to \$142.

**Required Action/Recommendations:** LACC must ensure that all costs charged to the CACFP are allowable. Also, LACC must be sure to accurately record costs on the *CACFP Worksheet for Reporting Documented CACFP Costs*.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS  
(CONTINUED)

7. *Oversight Agency Findings (Continued)*

5) **Sponsor Does Not Meet All Required Pre-Operational and Monitoring/FTE Requirements:** Review requirements per 7 CFR 226.16(d)(4)/(iii) 7 CFR 226.15(e)(ii) and 7 CFR 226.16(b)(i) are not met. On the day of the review, reviewers were provided with *Sponsor Monitor Report Forms* for the following sites:

LACC at Oberle Elementary – Date of Reviews: September 19, 2012, January 16, 2013 and May 6, 2013.

LACC at Lewis Elementary – Date of Reviews: September 6, 2012, December 5, 2012 and May 3, 2013.

However, the sponsoring organization failed to monitor the following approved centers: La Fiesta Early Development Center/La Fiesta I, La Fiesta Early Development Center/La Fiesta II, LACC/Before and After Care Programs and Learning Center/Evening Enrichment At-Risk.

**Required Action/Recommendations:** LACC must ensure compliance with 7 CFR 226.16(d)(4)(iii). All required reviews must be conducted in compliance with federal regulations, which is once during their first four weeks of operation, and not more than six months should elapse between the remaining visits. Federal regulations required that sponsoring organizations conduct at least three reviews with two reviews being unannounced and a minimum of one review must include meal service. Monitoring reports should contain problems noted and corrective action to be taken by the sponsored facility. The sponsor should require and document corrective actions necessary to prevent the problem from reoccurring.

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LATIN AMERICAN COMMUNITY CENTER CORPORATION

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C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS  
(CONTINUED)

7. *Oversight Agency Findings (Continued)*

- 6) **Five Day Meal Count Reconciliation to Attendance or Enrollment is not Comparable:** LACC's five day meal count reconciliation is not comparable to state's agency in accordance with 7 CFR 226.6(m)(4). LACC failed to complete *Sponsor Monitor Report Forms* for La Fiesta Early Development Center/LA Fiesta I, which was the site reviewed by MHM Reviewers on August 26-27, 2013.

**Required Action/Recommendations:** LACC must ensure compliance with 7 CFR 226.6(m)(4) and ensure that a five day meal count reconciliation is completed on the *Sponsor Monitor Report Form* for all sites in which CACFP meals are claimed.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

- 7) **Institution Does Not Meet WIC Requirements:** Requirements for distributing WIC information to households per 7 CFR 226.15(n) is not being met. 7 CFR 226.15(n) requires participating households to be provided with yearly updates regarding income eligibility standards and program facts for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

**Required Action/Recommendations:** LACC must develop a procedure to distribute WIC information to all participants as they enroll in the Center.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS  
(CONTINUED)

7. *Oversight Agency Findings (Continued)*

- 8) **Income Eligibility Is Not Correct, Current or Complete:** Income Eligibility Forms are not complete per 7 CFR 226.23(e)(1) and/or correctly categorized per 226.23(e)(4). The reviewers noted errors in the Income Eligibility Forms (IEFs) including: no eligibility noted by determining official, no snap number provided, Part 2A and 2D are incomplete, per income and household size – family size is incorrectly noted by LACC, and no Income Eligibility Form on file.

**Required Action/Recommendations:** LACC must ensure compliance with 7 CFR 226.23 (e)(1) and 226.23(e)(4). Income eligibility (free, reduced, or paid) must be correctly categorized on each participant's form. The parent and determining official must be sure to complete each section of the IEF and must be sure to maintain an IEF for each enrolled child.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

- 9) **The Childcare Center Failed to Annually Update Enrollment Forms on File for Participants:** Updated enrollment information is not on file per 7 CFR 226.15(e)(2). The reviewers noted missing enrollment information on the IEF of one program participant.

**Required Action/Recommendations:** LACC must ensure compliance with 7 CFR 226.15(e)(2) to ensure for each child claimed for reimbursement. Enrollment information must be completed for each program participant.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

LATIN AMERICAN COMMUNITY CENTER CORPORATION

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C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS  
(CONTINUED)

7. *Oversight Agency Findings (Continued)*

- 10) **Inaccurate or Incomplete Roster:** Roster is not being maintained and income categories were not appropriately reported on the claim for reimbursement in compliance with 7 CFR 226.10(c). One participant was included on the roster and income eligibility was noted for the participant under the month of March 2013. However, this participant was not in attendance per Attendance/Meal Count Sheets provided on the day of the review.

**Required Action/Recommendations:** LACC must ensure compliance with 226.10(c) and ensure that children not in attendance are exited from the roster or eligibility (free , reduced, paid) is not noted for the month(s) in which the child was not in attendance.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.

- 11) **Roster Does Not Reconcile to Attendance Records:** Roster is not being maintained and income categories were not appropriately reported on the claim for reimbursement in compliance with 7 CFR 226.16(6)(4)(i). One participant was included on the roster and income eligibility was noted for the participant under the month of March 2013. However this participant was not in attendance per Attendance/Meal Count Sheets provided on the day of the review.

**Required Action/Recommendations:** LACC must ensure compliance with 7 CFR 226.16(b)(4)(i) and ensure that children not in attendance are exited from the roster or eligibility (free, reduced, paid) is not noted for the month(s) in which the child was not in attendance.

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C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS  
(CONTINUED)

7. *Oversight Agency Findings (Continued)*

- 12) **Income Eligibility not Available For All Participants:** Income Eligibility Forms are not available per 7 CFR 226.23(e)(i). LACC failed to maintain IEFs for two participants classified as free on the CACFP roster.

**Required Action/Recommendations:** LACC must ensure compliance with 7 CFR 226.23(e)(i). Participants classified as free or reduced must have a completed IEF on file.

**Status:** Effective October 8, 2013 the Delaware Department of Education accepted LACC's Corrective Action Plan.



June 29, 2015  
Newark, Delaware