

La Comunidad Hispana, Inc.

Financial Statements
Years Ended June 30, 2019 and 2018



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LA COMUNIDAD HISPANA, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
La Comunidad Hispana, Inc.

We have audited the accompanying financial statements of La Comunidad Hispana, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows 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. 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 La Comunidad Hispana, Inc. as of June 30, 2019 and 2018, 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.

BBD, LLP

Philadelphia, Pennsylvania
October 30, 2019

LA COMUNIDAD HISPANA, INC.**STATEMENTS OF FINANCIAL POSITION**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$3,086,403	\$2,797,697
Accounts receivable		
Patient services, net of an allowance for uncollectible accounts of \$54,588 and \$59,274 as of June 30, 2019 and June 30, 2018	261,965	375,034
Government and other contracts	156,672	99,961
Contributions receivable, current portion	227,270	303,388
Prepaid expenses and other	<u>192,712</u>	<u>148,902</u>
Total current assets	<u>3,925,022</u>	<u>3,724,982</u>
OTHER ASSETS		
Property and equipment	3,308,251	3,321,199
Contributions receivable, net of current portion	50,000	153,927
Beneficial interest in assets held by community foundation	<u>119,969</u>	<u>116,418</u>
Total other assets	<u>3,478,220</u>	<u>3,591,544</u>
Total assets	<u>\$7,403,242</u>	<u>\$7,316,526</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 509,497	\$ 460,142
Deferred revenue	<u>15,000</u>	<u>3,750</u>
Total current liabilities	<u>524,497</u>	<u>463,892</u>
NET ASSETS		
Without donor restrictions		
Operations	3,288,230	3,193,305
Real estate	<u>2,798,659</u>	<u>2,907,536</u>
	6,086,889	6,100,841
With donor restrictions	<u>791,856</u>	<u>751,793</u>
Total net assets	<u>6,878,745</u>	<u>6,852,634</u>
Total liabilities and net assets	<u>\$7,403,242</u>	<u>\$7,316,526</u>

See accompanying notes

LA COMUNIDAD HISPANA, INC.

STATEMENTS OF ACTIVITIES

Years ended June 30, 2019 and 2018

	2019			2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT						
Government and other contract revenue	\$ 3,770,476	\$ -	\$ 3,770,476	\$ 3,263,916	\$ -	\$ 3,263,916
Contributions	970,251	566,983	1,537,234	706,597	437,132	1,143,729
Net patient service revenue (net of contractual and other allowances of \$1,985,763 in 2019 and \$2,249,374 in 2018)	1,968,242	-	1,968,242	1,617,527	-	1,617,527
Interest income	16,591	-	16,591	4,012	-	4,012
Other income	70,455	-	70,455	44,639	-	44,639
Net assets released from restrictions	530,471	(530,471)	-	469,099	(469,099)	-
Total revenue and support	<u>7,326,486</u>	<u>36,512</u>	<u>7,362,998</u>	<u>6,105,790</u>	<u>(31,967)</u>	<u>6,073,823</u>
EXPENSES						
Program services						
Health center	5,527,078	-	5,527,078	4,451,781	-	4,451,781
Enabling services	408,159	-	408,159	458,829	-	458,829
Community services	308,766	-	308,766	254,221	-	254,221
Total program services	<u>6,244,003</u>	<u>-</u>	<u>6,244,003</u>	<u>5,164,831</u>	<u>-</u>	<u>5,164,831</u>
Supporting services						
Management and general	849,191	-	849,191	638,998	-	638,998
Fundraising	169,175	-	169,175	166,016	-	166,016
Total supporting services	<u>1,018,366</u>	<u>-</u>	<u>1,018,366</u>	<u>805,014</u>	<u>-</u>	<u>805,014</u>
Total expenses	<u>7,262,369</u>	<u>-</u>	<u>7,262,369</u>	<u>5,969,845</u>	<u>-</u>	<u>5,969,845</u>
Changes in net assets before other changes	<u>64,117</u>	<u>36,512</u>	<u>100,629</u>	<u>135,945</u>	<u>(31,967)</u>	<u>103,978</u>
OTHER CHANGES						
Loss on disposal of property and equipment	(78,069)	-	(78,069)	(10,375)	-	(10,375)
Change in value of beneficial interest in assets held by community foundation	-	3,551	3,551	-	5,323	5,323
Total other changes	<u>(78,069)</u>	<u>3,551</u>	<u>(74,518)</u>	<u>(10,375)</u>	<u>5,323</u>	<u>(5,052)</u>
CHANGE IN NET ASSETS	<u>(13,952)</u>	<u>40,063</u>	<u>26,111</u>	<u>125,570</u>	<u>(26,644)</u>	<u>98,926</u>
NET ASSETS						
Beginning of year	<u>6,100,841</u>	<u>751,793</u>	<u>6,852,634</u>	<u>5,975,271</u>	<u>778,437</u>	<u>6,753,708</u>
End of year	<u>\$ 6,086,889</u>	<u>\$ 791,856</u>	<u>\$ 6,878,745</u>	<u>\$ 6,100,841</u>	<u>\$ 751,793</u>	<u>\$ 6,852,634</u>

See accompanying notes

LA COMUNIDAD HISPANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019 with comparative totals for 2018

	Program Services			Supporting Services		Totals	
	Health Center	Enabling Services	Community Services	Management and General	Fundraising	2019	2018
Personnel	\$3,648,615	\$271,775	\$205,607	\$611,811	\$108,071	\$4,845,879	\$4,243,326
Bad debt expense	182,000	-	-	-	2,000	184,000	160,000
Client assistance costs	1,680	8,375	120	-	-	10,175	7,690
Communication costs	266,405	14,205	12,122	29,773	6,132	328,637	272,568
Depreciation	101,351	26,056	11,597	20,041	1,416	160,461	138,617
Dispensary expenses	200,289	-	-	-	-	200,289	156,979
Equipment costs	71,110	5,942	6,487	15,994	8,483	108,016	60,966
Occupancy	297,105	27,590	20,976	51,932	7,060	404,663	178,581
Office expense	90,392	5,334	27,760	109,764	11,972	245,222	162,288
Professional services	272,026	46,833	5,253	171	2,454	326,737	238,484
Supplies	385,578	-	16,650	361	19,296	421,885	333,041
Transportation expense	10,527	2,049	2,194	9,344	2,291	26,405	17,305
Total expenses	\$5,527,078	\$408,159	\$308,766	\$849,191	\$169,175	\$7,262,369	\$5,969,845

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See accompanying notes

LA COMUNIDAD HISPANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2018

	Program Services			Supporting Services		Total
	Health Center	Enabling Services	Community Services	Management and General	Fundraising	
Personnel	\$3,134,683	\$328,984	\$164,495	\$511,511	\$103,653	\$4,243,326
Bad debt expense	160,000	-	-	-	-	160,000
Client assistance costs	1,313	70.00	4,807	1,500.00	-	7,690
Communication costs	207,417	19,981	12,659	26,490	6,021	272,568
Depreciation	88,739	25,961	11,234	11,208	1,475	138,617
Dispensary expenses	156,979	-	-	-	-	156,979
Equipment costs	43,579	2,324	4,827	3,540.00	6,696	60,966
Occupancy	127,664	27,349	12,564	10,024	980	178,581
Office expense	59,042	4,316	22,153	56,363	20,414	162,288
Professional services	170,613	49,122	4,715	11,425	2,609	238,484
Supplies	294,763	26	14,037	1,397.00	22,818	333,041
Transportation expense	6,989	696	2,730	5,540	1,350	17,305
Total expenses	<u>\$4,451,781</u>	<u>\$458,829</u>	<u>\$254,221</u>	<u>\$638,998</u>	<u>\$166,016</u>	<u>\$5,969,845</u>

See accompanying notes

LA COMUNIDAD HISPANA, INC.**STATEMENTS OF CASH FLOWS**

Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 26,111	\$ 98,926
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Bad debt expense	184,000	160,000
Depreciation	160,461	138,617
Loss on disposal of property and equipment	78,069	10,375
Change in value of beneficial interest in assets held by community foundation	(3,551)	(5,323)
(Increase) decrease in assets		
Accounts receivable	(125,642)	(135,723)
Contributions receivable	178,045	127,686
Prepaid expenses and other	(43,810)	(57,386)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	49,355	94,403
Deferred revenue	11,250	(457)
Net cash provided by operating activities	<u>514,288</u>	<u>431,118</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(225,582)</u>	<u>(137,470)</u>
Net change in cash	288,706	293,648
CASH		
Beginning of year	<u>2,797,697</u>	<u>2,504,049</u>
End of year	<u>\$3,086,403</u>	<u>\$2,797,697</u>

See accompanying notes

LA COMUNIDAD HISPANA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

(1) NATURE OF OPERATIONS

La Comunidad Hispana, Inc. ("**LCH**") is a nonprofit organization based in Kennett Square, Pennsylvania, the mission of which is to change lives by serving southern Chester County as the leading provider of integrated health and community services.

LCH served approximately 7,600 clients in 2019 and 6,500 clients in 2018. LCH's health centers offer primary care, dental care, acute care, prenatal services, pediatric care, preventive screenings, behavioral health counseling and chronic disease management. LCH's social services programs provide information, referral, translation services, health insurance and other benefits, enrollment assistance, legal advice and case management to low-income individuals struggling with financial and cultural adjustment. LCH's education and workforce development programs include English as a Second Language (ESL) classes, Pre-GED (General Education Development) classes, preparation for the U.S. citizenship exam and assistance with job searching and preparation. Using a single, client-centered database, LCH is able to provide each client with seamlessly coordinated services to help them become healthy and stable members of our community.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

LCH reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of LCH and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "***net assets released from restrictions***". Contributions and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

This category also includes net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of LCH.

Accounting Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America ("**GAAP**"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

LA COMUNIDAD HISPANA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of LCH. Unobservable inputs reflect LCH's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that LCH has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect LCH's own assumptions.

Concentrations of Credit Risk

Financial instruments which potentially subject LCH to concentrations of credit risk are cash, accounts receivable and contributions receivable. LCH maintains its cash at one financial institution. At times, such deposits may exceed federally-insured limits. LCH has not experienced any losses on its deposits.

Accounts receivable for patient services are more fully described in Note 7. Accounts receivable due from government and other agencies are expected to be collected in 2019. Contributions receivable are expected to be collected as disclosed in Note 3.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. LCH does not charge interest on outstanding balances.

The changes in the valuation allowance for 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 59,274	\$ 147,498
Bad debt expense	182,000	160,000
Write off of uncollectible accounts	<u>(186,686)</u>	<u>(248,224)</u>
Balance, end of year	<u>\$ 54,588</u>	<u>\$ 59,274</u>

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

LA COMUNIDAD HISPANA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Beneficial Interest in Assets Held by Community Foundation

The beneficial interest in assets held by community foundation is reported at the fair value of the assets maintained in the endowment fund (See Note 5).

Government and Other Contract Revenue

Revenue from government and other contracts is recognized as the related expenses are incurred.

LCH recognized revenue of \$3,077,129 in 2019 and \$2,778,919 in 2018 from a single contract with the U.S. Department of Health and Human Services.

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as without donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Donated Services

LCH recognizes revenue for donated services received when they require specialized skills which would need to be purchased if they were not donated. Donated services are recorded as both revenue and expenses in the accompanying statements of activities and functional expenses at their estimated value at the date of receipt. LCH received donated professional services and supplies of \$235,549 in 2019 and \$173,648 in 2018 for its program and supporting services as follows:

	<u>2019</u>	<u>2018</u>
Health care	\$228,683	\$158,553
Community services	4,700	870
Management and general	-	765
Fundraising	<u>2,166</u>	<u>13,460</u>
	<u>\$235,549</u>	<u>\$173,648</u>

Net Patient Service Revenues

Net patient service revenues and related receivables are reported at their estimated net realizable amounts from patients, third-party payors and others for services rendered.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated, based on estimates of time and effort.

Advertising Costs

LCH expenses advertising costs as incurred. Advertising expense was \$75,779 for 2019 and \$42,010 for 2018.

Income Taxes

LCH qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and no provision or liability for income taxes is included in the accompanying financial statements.

LA COMUNIDAD HISPANA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. LCH believes that it had no uncertain tax positions as defined in GAAP.

Accounting Pronouncement Adopted

In August 2016, the Financial Accounting Standards Board ("**FASB**") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. LCH has adjusted the presentation of its financial statements accordingly, applying the changes retroactively to the comparative period presented. The new standard changes the following aspects of LCH's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (**Note 12**).

(3) CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2019 and 2018 are expected to be collected as follows:

	<u>2019</u>	<u>2018</u>
In less than one year	\$227,270	\$303,388
In one to five years	<u>50,000</u>	<u>160,000</u>
	277,270	463,388
Less discount to present value (3%)	<u>-</u>	<u>(6,073)</u>
	<u>\$277,270</u>	<u>\$457,315</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 720,000	\$ 720,000
Building and improvements	2,728,247	2,766,561
Leasehold improvements	69,218	83,895
Furniture and fixtures	911,904	717,226
Vehicles	<u>38,194</u>	<u>38,194</u>
	4,467,563	4,325,876
Less accumulated depreciation	<u>(1,159,312)</u>	<u>(1,004,677)</u>
	<u>\$ 3,308,251</u>	<u>\$ 3,321,199</u>

LA COMUNIDAD HISPANA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

(5) BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

In January 2014, LCH received a contribution of \$100,000 that was restricted by the donor to establish an endowment fund (the "**fund**") with the Chester County Community Foundation (the "**Foundation**") to support the operating, program and capital needs of LCH. The fund has both an endowed component and a quasi-endowed component.

As is standard with community foundation agreements, LCH has irrevocably relinquished its right to the amounts transferred to the Foundation in exchange for future distributions of the fund's earnings. On an annual basis, LCH may request distributions up to 5% of the prior year end asset value of the endowed component of the fund and up to 20% of the prior year end asset value of the quasi-endowed component of the fund. However, the Foundation retains sole discretion regarding distributions.

The value of the endowed component of the fund was \$119,969 at June 30, 2019 and \$116,418 at June 30, 2018 and there was no quasi-endowed component of the fund. LCH did not request or receive any distributions from the Foundation in 2019 or 2018.

(6) LINE OF CREDIT

LCH has a \$150,000 line of credit with a financial institution. Advances under the line of credit bear interest at the prime rate plus .25% with a floor rate of 3.50%, and are secured by LCH's real estate. There were no advances outstanding under the line of credit at June 30, 2019 and 2018.

(7) NET PATIENT SERVICE REVENUE

Net patient service revenue consisted of the following for 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Gross patient service revenue	\$ 3,954,005	\$ 3,866,901
Contractual and other allowances	<u>(1,985,763)</u>	<u>(2,249,374)</u>
Net patient service revenue	<u>\$ 1,968,242</u>	<u>\$ 1,617,527</u>

Net patient service revenue was attributable to the following payors for 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Self pay	\$ 648,124	\$ 562,733
Insurance companies	174,259	136,661
Medicare	87,055	113,653
Medicaid	932,143	769,471
Other	<u>126,661</u>	<u>35,009</u>
	<u>\$1,968,242</u>	<u>\$1,617,527</u>

Patient accounts receivable were due from the following payors at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Self pay	\$ 74,710	\$ 58,803
Insurance companies	56,737	126,380
Medicare	49,234	61,031
Medicaid	78,336	134,882
Other	<u>57,536</u>	<u>53,212</u>
	316,553	434,308
Less: Allowance for uncollectible accounts	<u>(54,588)</u>	<u>(59,274)</u>
	<u>\$261,965</u>	<u>\$375,034</u>

LA COMUNIDAD HISPANA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

(8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018 consisted of contributions restricted for the following purposes or periods:

	Balance July 1, 2018	Additions	Releases	Balance June 30, 2019
Purpose restrictions				
Health center	\$ 109,380	\$284,596	\$110,362	\$283,614
Community services	88,547	164,820	135,403	117,964
Special projects	80,000	6,769	4,401	82,368
Time restrictions				
Operations	357,448	110,798	280,305	187,941
To be held in perpetuity				
Beneficial interest in assets held by Community foundation	<u>116,418</u>	<u>3,551</u>	<u>-</u>	<u>119,969</u>
	<u>\$751,793</u>	<u>\$570,534</u>	<u>\$530,471</u>	<u>\$791,856</u>
	Balance July 1, 2017	Additions	Releases	Balance June 30, 2018
Purpose restrictions				
Health center	\$ 81,037	\$145,416	\$117,073	\$109,380
Community services	118,394	104,243	134,090	88,547
Special projects	-	80,000	-	80,000
Time restrictions				
Operations	467,911	107,473	217,936	357,448
To be held in perpetuity				
Beneficial interest in assets held by Community foundation	<u>111,095</u>	<u>5,323</u>	<u>-</u>	<u>116,418</u>
	<u>\$778,437</u>	<u>\$442,455</u>	<u>\$469,099</u>	<u>\$751,793</u>

(9) OPERATING LEASES

LCH has entered into lease agreements for three satellite offices located in Jennersville, Pennsylvania, Kennett Square, Pennsylvania and Oxford, Pennsylvania. The lease for the office in Jennersville, Pennsylvania, which was amended during 2019 to increase square footage for the dental offices, expires January 2024. The leases for the offices in Oxford, Pennsylvania and Kennett Square, Pennsylvania are on a month-to-month basis. Rent for the satellite offices, including common area maintenance charges, was \$251,938 for 2019 and \$62,984 for 2018.

The future minimum lease commitments are \$148,419 for 2020, \$145,369 for 2021, \$148,276 for 2022, \$151,242 for 2023, and \$108,746 for 2024.

(10) EMPLOYEE BENEFIT PLAN

LCH has established a SIMPLE plan for the benefit of eligible employees. Under the provisions of the plan, employees may make salary reduction contributions to the plan and LCH must make matching contributions equal to the employees' salary reduction contributions up to a maximum of 3% of employees' compensation. LCH's contributions to the plan were \$76,988 for 2019 and \$70,934 for 2018.

LA COMUNIDAD HISPANA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

(11) ASSETS MEASURED AT FAIR VALUE

The following table presents information about LCH's assets that are measured at fair value and the valuation inputs used to value them:

<u>Description</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2019				
Contributions receivable	\$277,270	\$ -	\$277,270	\$ -
Beneficial interest in assets held by community foundation	<u>119,969</u>	<u>-</u>	<u>-</u>	<u>119,969</u>
	<u>\$397,239</u>	<u>\$ -</u>	<u>\$277,270</u>	<u>\$119,969</u>

<u>Description</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2018				
Contributions receivable	\$457,315	\$ -	\$457,315	\$ -
Beneficial interest in assets held by community foundation	<u>116,418</u>	<u>-</u>	<u>-</u>	<u>116,418</u>
	<u>\$573,733</u>	<u>\$ -</u>	<u>\$457,315</u>	<u>\$116,418</u>

The following table presents the change in level 3 assets for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Beginning of year	\$116,418	\$111,095
Change in value	<u>3,551</u>	<u>5,323</u>
End of year	<u>\$119,969</u>	<u>\$116,418</u>

(12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects LCH's financial assets as of June 30, 2019 and the amounts available within one year.

Cash	\$3,086,403
Accounts receivable	418,637
Contributions receivable	<u>277,270</u>
Total financial assets	3,782,310
Less amounts with donor restrictions	<u>(533,946)</u>
Financial assets available within one year	<u>\$3,248,364</u>

As part of LCH's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. LCH invests cash in excess of its requirements in a money market fund. In order to manage any liquidity deficiencies or unanticipated liquidity needs, LCH has a \$150,000 line of credit.

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NOTES TO FINANCIAL STATEMENTS

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(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 30, 2019, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in the financial statements.