

**Hispanic Federation Inc.
Financial Statements
December 31, 2025
(With Summarized Comparative Information for December 31, 2024)
With Independent Auditor's Report**

Hispanic Federation Inc.
Table of Contents
December 31, 2025

Independent Auditor's Report	1
Independent Auditor's Report	3
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Board of Trustees of
Hispanic Federation Inc.:

Opinion

We have audited the financial statements of Hispanic Federation Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hispanic Federation Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2024 financial statements, and we expressed an unmodified audit opinion on the audited financial statements in our report dated June 2, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Withum Smith & Brown, PC

May 27, 2026

Hispanic Federation Inc.
Statement of Financial Position
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 61,804,725	\$ 15,884,639
Contributions receivable, net	1,828,841	5,929,840
Government grants	17,634,639	13,663,837
Other receivables	92,823	57,780
Investments for donor-advised funds	5,524,668	4,456,180
Investments	30,549,363	15,200,782
Prepaid expenses and other assets	408,132	175,271
Total current assets	<u>117,843,191</u>	<u>55,368,329</u>
Noncurrent assets		
Operating leases right-of-use assets	883,769	791,491
Property and equipment, net	3,666,807	3,803,138
Contributions receivable, non-current	356,920	618,436
Total noncurrent assets	<u>4,907,496</u>	<u>5,213,065</u>
Total assets	<u>\$ 122,750,687</u>	<u>\$ 60,581,394</u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,667,013	\$ 1,262,200
Grants payable	8,905,092	8,966,196
Operating lease liabilities, current	262,732	262,142
Advance payments	2,787,424	2,151,603
Deferred revenue	50,000	80,000
Total current liabilities	<u>13,672,261</u>	<u>12,722,141</u>
Operating lease liabilities, non-current	636,852	543,368
Total liabilities	<u>14,309,113</u>	<u>13,265,509</u>
Net assets		
Without donor restrictions	91,473,975	26,584,010
With donor restrictions	16,967,599	20,731,875
Total net assets	<u>108,441,574</u>	<u>47,315,885</u>
Total liabilities and net assets	<u>\$ 122,750,687</u>	<u>\$ 60,581,394</u>

The Notes to Financial Statements are an integral part of this statement.

Hispanic Federation Inc.
Statement Activities and Changes in Net Assets
Year Ended December 31, 2025
(With Summarized Financial Information for the Year Ended December 31, 2024)

	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Information
Revenue and support				
Contribution revenue	\$ 72,726,261	\$ 5,018,042	\$ 77,744,303	\$ 14,556,474
Contributions to donor-advised funds	4,542,174	-	4,542,174	2,645,292
Government grants	28,378,520	-	28,378,520	39,927,126
Contribution of non-financial assets	1,171,853	-	1,171,853	1,799,053
Special events, net	2,824,928	-	2,824,928	3,175,904
Other income	41,210	-	41,210	257,103
Investment return, net	2,448,208	-	2,448,208	1,804,332
Net assets released from restriction	8,782,318	(8,782,318)	-	-
Total revenue and support	120,915,472	(3,764,276)	117,151,196	64,165,284
Expenses				
Program services				
Advocacy	6,117,602	-	6,117,602	3,868,775
Community assistance	31,065,797	-	31,065,797	49,286,347
Organizational development assistance	9,784,248	-	9,784,248	7,535,732
Technical assistance	1,961,578	-	1,961,578	1,657,851
Total program services	48,929,225	-	48,929,225	62,348,705
Supporting services				
Management and general	5,095,599	-	5,095,599	4,756,013
Fundraising	2,000,683	-	2,000,683	1,764,734
Total supporting services	7,096,282	-	7,096,282	6,520,747
Total expenses	56,025,507	-	56,025,507	68,869,452
Changes in net assets	64,889,965	(3,764,276)	61,125,689	(4,704,168)
Net assets				
Beginning of year	26,584,010	20,731,875	47,315,885	52,020,053
End of year	\$ 91,473,975	\$ 16,967,599	\$ 108,441,574	\$ 47,315,885

The Notes to Financial Statements are an integral part of this statement.

Hispanic Federation Inc.
Statement Functional Expenses
Year Ended December 31, 2025
(With Summarized Financial Information for the Year Ended December 31, 2024)

	Advocacy	Community Assistance	Organizational Development Assistance	Technical Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Summarized Information 2024
Salaries	\$ 1,395,057	\$ 5,051,001	\$ 466,021	\$ 442,369	\$ 7,354,448	\$ 2,675,623	\$ 838,914	\$ 3,514,537	\$ 10,868,985	\$ 9,527,032
Payroll taxes and employment benefits	447,439	1,712,962	133,256	136,232	2,429,889	899,778	208,615	1,108,393	3,538,282	2,949,925
	1,842,496	6,763,963	599,277	578,601	9,784,337	3,575,401	1,047,529	4,622,930	14,407,267	12,476,957
Contribution and grants	3,025,000	1,910,978	7,718,454	170,064	12,824,496	5,525	-	5,525	12,830,021	29,321,850
Disaster assistance	3,520	4,453,766	-	-	4,457,286	-	-	-	4,457,286	1,503,014
Consultants	309,444	2,010,236	443,670	509,768	3,273,118	370,498	378,940	749,438	4,022,556	3,640,148
Subrecipient expenses	140,166	10,611,656	890,000	300,000	11,941,822	-	-	-	11,941,822	13,748,505
Legal and accounting	-	15,000	-	477	15,477	172,211	-	172,211	187,688	181,191
Public relations and outreach	213,003	1,061,769	-	26,908	1,301,680	1,788	8,844	10,632	1,312,312	289,893
Public relations and outreach in-kind	-	600,032	-	-	600,032	373,904	-	373,904	973,936	1,799,053
Catering and museum admission	33,978	88,601	490	10,786	133,855	11,735	15,961	27,696	161,551	205,043
Occupancy	80,453	275,955	15,275	72,703	444,386	25,610	47,966	73,576	517,962	419,404
Credit card and other fees	55,578	12,860	14,574	1,751	84,763	13,848	22,055	35,903	120,666	71,166
Office expenses	27,760	368,464	4,965	21,228	422,417	25,539	12,964	38,503	460,920	325,257
Information and technology	45,560	123,146	5,387	22,507	196,600	58,400	21,721	80,121	276,721	246,454
Telephone	121,359	63,386	988	9,529	195,262	37,045	14,161	51,206	246,468	348,488
Travel, lodging and transportation	36,888	243,124	2,264	49,863	332,139	15,664	43,160	58,824	390,963	369,428
Gala and event expenses	6,145	1,765	-	642	8,552	21,551	548,730	570,281	578,833	640,732
Conferences and meetings	90,895	313,434	5,528	86,093	495,950	15,896	14,953	30,849	526,799	568,336
Scholarships	-	281,820	25,000	-	306,820	-	-	-	306,820	108,462
Internships and stipends	125	749,660	-	21,839	771,624	3,660	-	3,660	775,284	1,320,400
Insurance	411	25,343	2,641	3,651	32,046	76,984	6,494	83,478	115,524	109,434
Repairs and maintenance	29,187	69,871	5,996	27,032	132,086	49,772	18,636	68,408	200,494	178,278
Utilities	8,238	27,922	1,203	5,762	43,125	10,230	3,784	14,014	57,139	57,580
Participant incentives	1,762	404,805	-	11,557	418,124	-	-	-	418,124	496,068
Other expenses	35,110	549,414	45,733	24,521	654,778	50,406	54,007	104,413	759,191	396,782
Depreciation	10,524	38,827	2,803	6,296	58,450	179,932	2,309	182,241	240,691	255,308
Bad debt	-	-	-	-	-	-	-	-	-	116,076
Total other expenses	4,275,106	24,301,834	9,184,971	1,382,977	39,144,888	1,520,198	1,214,685	2,734,883	41,879,771	56,716,350
Total expenses	6,117,602	31,065,797	9,784,248	1,961,578	48,929,225	5,095,599	2,262,214	7,357,813	56,287,038	69,193,307
Less: Direct costs of special events	-	-	-	-	-	-	(261,531)	(261,531)	(261,531)	(323,855)
Total functional expenses	\$ 6,117,602	\$ 31,065,797	\$ 9,784,248	\$ 1,961,578	\$ 48,929,225	\$ 5,095,599	\$ 2,000,683	\$ 7,096,282	\$ 56,025,507	\$ 68,869,452

The Notes to Financial Statements are an integral part of this statement.

Hispanic Federation Inc.
Statement of Cash Flows
Year Ended December 31, 2025
(With Summarized Financial Information for the Year Ended December 31, 2024)

	<u>2025</u>	<u>2024</u>
Operating activities		
Change in net assets	\$ 61,125,689	\$ (4,704,168)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	240,691	255,308
Bad debt (recovery) expense	(35,000)	116,076
Realized and unrealized (gain) / loss on investments	(1,677,235)	(1,145,740)
Donated securities	(3,404,736)	-
Amortization of right-of-use assets	284,787	243,379
Changes in net assets and liabilities		
Government grants	(3,985,802)	(4,549,161)
Contributions receivable	4,412,515	(955,991)
Other receivable	(35,043)	(20,251)
Prepaid expenses and other assets	(232,862)	993
Accounts payable and accrued expenses	404,813	320,321
Grants and donations payable	(61,104)	4,195,440
Refundable advances	635,821	148,468
Deferred revenue	(30,000)	25,000
Deferred Compensation	-	-
Other liabilities	-	(149,539)
Operating lease obligations	(282,990)	(235,390)
Net cash provided by (used in) operating activities	<u>57,359,544</u>	<u>(6,455,255)</u>
Investing activities		
Proceeds from sale of investments	11,264,689	5,800,743
Purchase of investments	(22,599,787)	(6,356,317)
Purchase of fixed assets	(104,360)	(56,051)
Investment income reinvested	-	-
Net cash used in investing activities	<u>(11,439,458)</u>	<u>(611,625)</u>
Net change in cash and cash equivalents	45,920,086	(7,066,880)
Cash and cash equivalents		
Beginning of year	15,884,639	22,951,519
End of year	<u>\$ 61,804,725</u>	<u>\$ 15,884,639</u>
Supplemental cash flow information		
Right-of-use assets acquired in exchange for new operating lease liabilities	<u>\$ 377,065</u>	<u>\$ 637,429</u>

The Notes to Financial Statements are an integral part of this statement.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

1. Organization

The Hispanic Federation, Inc. (the "Organization") was incorporated under the laws of the State of New York on July 3, 1990, as a not-for-profit organization. The Organization is the nation's premier Latino nonprofit membership organization with offices in New York, Washington, D.C., Connecticut, North Carolina, Florida, Illinois, Puerto Rico, and California. The Organization uplifts millions of Hispanic children, youth, and families locally and nationally through four essential service pillars:

- **Advocacy** services focused on advancing the interests and aspirations of Latinos and their community-based organizations through, among other things, coalition building, policy research, public education, advocacy, and voter mobilization. In 2025, the Organization's advocacy work focused on expanding immigrant justice and opportunities, advancing equity in federal benefits for Puerto Rico, and protecting health care access, including reproductive health, LGBTQ+ rights, and voting rights.
- **Community Assistance** programs that support and uplift Latino families and communities with direct social services in education, immigration, health care, economic development, and the environment. In 2025, the Organization expanded its digital equity offerings, immigration assistance, hunger relief, educational programming, and health prevention work to serve a much larger number of youth workers, new Americans, and families across its growing footprint in 43 states and territories.
- **Organizational Development Assistance** that fortifies a network of more than 840 Latino front-line grassroots organizations with emergency assistance, programmatic, and capacity-building grants that help its nonprofit grantees address emerging and growing community and operational needs. In 2025, the Organization provided \$27.3 million to support the work and mission of hundreds of community-based organizations nationwide.
- **Technical Assistance** programs are designed to help the network of Latino nonprofit member agencies support their core operational and infrastructural needs, including board governance, staff leadership development, fundraising, financial management, strategic planning, program development, and other critical areas. In 2025, the Organization expanded its Latino Nonprofit Capacity Building Institute to serve and train over 1,200 nonprofit leaders nationwide.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Financial reporting by not-for-profit organizations requires that resources be classified into net asset categories according to donor-imposed restrictions for accounting and reporting purposes.

The net assets of the Organization are reported as follows:

Net Assets without Donor Restrictions: Net assets that are not restricted by donor-imposed stipulations and are available for the Organization's general operations. Net assets without donor restrictions may be designated for specific purposes by the Organization or limited by contractual agreements with outside parties. In addition, net assets without donor restrictions include board-designated endowment funds.

The Organization's Board of Directors established a board-designated fund, the Hispanic Federation Legacy Fund ("Legacy Fund"), with the expressed purpose of using it as the future basis for the creation of an organization, endowment, which would be duly constituted and managed by the Organization's Board of Directors the purpose of the Organization's legacy. The fund is to help ensure the long-term financial stability of the Organization's mission, programs, employment, and ongoing operations. The Legacy Fund may only be spent with the prior approval of the Executive Committee of the Board of Directors. No funds were appropriated or withdrawn from the fund during 2025 or 2024.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

Activity of the board-designated fund was as follows as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Balance - beginning of year	\$ 12,468,734	\$ 11,530,107
Transfers in	13,500,000	938,627
Balance - end of year	<u>\$ 25,968,734</u>	<u>\$ 12,468,734</u>

Net Assets with Donor Restrictions: Net assets are subject to donor-imposed restrictions that will be met by the Organization's actions or upon the passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual, where the donor stipulates that those resources be maintained perpetually. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from donor restrictions.

b. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, except for cash held with an investment custodian for a longer-term purpose.

c. Investments

Investments are recorded at fair value, which is defined as the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date. The statement of activities and changes in net assets includes unrealized gains, losses, and investment management fees.

d. Fair Value Measurement

Fair value is the price received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair values should be based on market participants' assumptions when pricing an asset. GAAP establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value by prioritizing quoted prices in active markets (observable inputs) and giving the lowest priority to the Organization's assumptions (unobservable inputs). The Organization groups assets at fair value in their levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Quoted market prices in active markets for identical assets and liabilities to the extent possible.

Level 2 - Other observable inputs, including quoted market prices of similar assets and liabilities in active and inactive markets, quoted prices for identical or similar assets in non-active markets, and other inputs.

Level 3 - Unobservable inputs that observable market data cannot corroborate.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

e. Property and Equipment

Equipment and furniture purchases are recorded at cost, except for donated items, which are recorded at their fair value on the date of donation.

Depreciation is computed using the straight-line method over the estimated useful life of the respective asset as follows:

Buildings	39 years
Building improvements	15 years
Equipment and furniture	5-10 years

f. Revenue Recognition

The Organization follows the requirements of the Financial Accounting Standards Board's ("FASB") Account Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor-restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions. The donor-advised funds are recorded at fair value. See Note 4 for additional details.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

As of December 31, 2025, the Organization received conditional grants from government agencies in the aggregate amounts of approximately \$28 million. Such grants have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include incurring allowable qualifying expenses in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and the Organization may be required to return the funds already remitted.

Government grants have been evaluated and are considered to be conditional non-reciprocal transactions that fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met is treated as a liability. As of December 31, 2025 and 2024, all government grants receivable are due within one year.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, management recorded allowance for uncollectable government grants of \$15,000 and \$50,000 as of December 31, 2025 and 2024, respectively. Management also recorded allowance for uncollectable contributions receivable of \$50,000 as of both December 31, 2025 and 2024.

Fundraising Revenue (Event Income) - Fundraising revenue is comprised of payments received from third parties (individuals and corporations) to support and/or attend fundraising events. Fundraising revenue includes an exchange transaction component for the value of the goods or services received, which follows revenue recognition guidance under ASC Topic 606. The amount paid by individuals and corporations that is above the value of goods or services received is considered a contribution. Revenue is recognized at the time the fundraising event occurs. Contract asset related to fundraising was \$0 at December 31, 2025, 2024, and 2023. Contract liability related to fundraising was \$50,000, \$80,000, and \$55,000 at December 31, 2025, 2024, and 2023, respectively, and is recorded as deferred revenue on the accompanying statement of financial position.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

g. Donated Goods and Services

Donated marketable securities and other non-cash donations are recorded as contributions at fair value on the date of donation. Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

The Organization received media time valued at \$973,936 and \$1,799,053 during the years ended December 31, 2025 and 2024, respectively. The Organization also received donated goods valued at \$197,917 during the year ended December 31, 2025. Contributed services and goods are valued at the estimated fair value based on the assessment of the cost of such items had they been purchased on the open market.

h. Leases

The Organization is a lessee in multiple noncancelable operating leases. Right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statement of financial position. The Organization had no finance leases during 2025 and 2024.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Organization accounts for these other services as a separate component of the lease accounted for separately and it allocates payments to the lease and other services components based on billed stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on the risk-free rate. ROU assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within lease expense over the term of the lease.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

i. Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets and detailed within the statement of functional expenses. Expenses directly attributed to a specific function are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

The following expenses were allocated using time and effort as the basis:

- Salaries
- Payroll taxes and employee benefits
- Internships and stipends

The following expenses were allocated using salary as the basis:

- Office expenses
- Repairs and maintenance
- Other expenses

Certain shared costs are allocated based on full-time equivalent. All other expenses have been charged directly to the applicable program or supporting services.

j. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

k. Advertising Costs

Advertising costs are expensed as incurred.

l. Accounting for Uncertainty of Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and state income taxes under similar provisions. The Organization is required to file charitable registrations in states where they solicit contributions. There were no uncertain tax positions at December 31, 2025 and 2024. The Organization did not have any income tax related penalties or interest for the years ended December 31, 2025 and 2024.

m. Reclassifications

Certain reclassifications have been made to the prior-year consolidated financial statements to conform to the current-year presentation which had no effect on the changes in net assets.

3. Investments at Fair Value

Investments at fair value at December 31, 2025 and 2024 consist of:

	2025	2024
Investments for donor-advised funds	\$ 5,524,668	\$ 4,456,180
Other investments	30,549,363	15,200,782
	<u>\$ 36,074,031</u>	<u>\$ 19,656,962</u>

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

The fair value hierarchy is as follows at December 31, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 8,257,414	\$ -	\$ -	\$ 8,257,414
Fixed income funds	7,863,149	-	-	7,863,149
Equity funds	19,053,443	-	-	19,053,443
Real estate funds	-	160,732	-	160,732
Mutual funds	739,293	-	-	739,293
	\$ 35,913,299	\$ 160,732	\$ -	\$ 36,074,031

	2024			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 676,129	\$ -	\$ -	\$ 676,129
Fixed income funds	5,725,186	-	-	5,725,186
Equity funds	12,714,657	-	-	12,714,657
Real estate funds	-	159,640	-	159,640
Mutual funds	381,350	-	-	381,350
	\$ 19,497,322	\$ 159,640	\$ -	\$ 19,656,962

The following summarizes investment return for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividends income	\$ 895,945	\$ 776,046
Realized and unrealized gain	1,677,235	1,145,740
Investment fees	(124,972)	(117,454)
Total investment return	\$ 2,448,208	\$ 1,804,332

4. Donor Advised Funds

The Organization has donor-advised funds. The funds allow individuals to make a charitable donation, receive an immediate tax deduction and then recommend grants from the fund over time. The contributions received that have been designated for the donor-advised fund are assets of the Organization. Donors can contribute to the fund as frequently as they like and then recommend grants whenever the timing is right for them. The Organization has variance power and ultimately has discretion on how to distribute the funds.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

Activity in the Organization's donor-advised funds at December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Beginning	\$ 4,456,180	\$ 4,802,898
Contribution	4,542,174	2,645,292
Grants	(3,310,111)	(3,411,369)
Investment (loss) income, net of fees	(163,575)	419,359
End	<u>\$ 5,524,668</u>	<u>\$ 4,456,180</u>

5. Contributions Receivable

The Organization has outstanding contributions due to be collected as follows at the following periods at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Within 1 year	\$ 1,878,841	\$ 5,950,699
Within 1-5 years	370,000	676,718
	<u>2,248,841</u>	<u>6,627,417</u>
Less: Discount to present value at 2%	(13,080)	(29,141)
Allowance for uncollectible contributions	(50,000)	(50,000)
	<u>\$ 2,185,761</u>	<u>\$ 6,548,276</u>

Total contributions receivable of approximately 58% and 59% were due from two and three contributors at December 31, 2025 and 2024, respectively.

6. Property and Equipment

Property and equipment consist of the following at ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 599,813	\$ 599,813
Building Improvements	50,657	50,657
Building	5,702,787	5,702,787
Equipment, furniture and automobile	1,310,380	1,206,020
Property and equipment, gross	<u>7,663,637</u>	<u>7,559,277</u>
Less: Accumulated depreciation	(3,996,830)	(3,756,139)
Property and equipment, net	<u>\$ 3,666,807</u>	<u>\$ 3,803,138</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$240,691 and \$255,308, respectively.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

7. Operating Lease Right-of-Use Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2025 and 2024 was 4.90% and 1.57%, respectively.

The Organization leases space in Connecticut, Florida, Illinois, North Carolina, Washington D.C., and Puerto Rico under lease agreements expiring at various dates through August 2030, which were determined to be operating leases.

For the years ended December 31, 2025 and 2024, the total operating lease cost was \$303,813 and \$250,382, respectively, and total short-term lease cost was approximately \$215,000 and \$168,000, respectively. As of December 31, 2025 and 2024, the weighted-average remaining lease term for the Organization's operating leases was approximately 60 and 49 months, respectively.

The cash paid for operating leases for the years ended December 31, 2025 and 2024 was \$299,576 and \$242,652, respectively.

Future minimum rental payments to be received on noncancelable operating leases are contractually due as follows as of December 31, 2025:

2026	\$	280,164
2027		242,615
2028		196,532
2029		179,381
2030		65,373
Gross payments		<u>964,065</u>
Less: Present value discount		(64,481)
Total lease obligation	\$	<u>899,584</u>

8. Special Events

The Organization held its annual Gala in 2025 and 2024, and the Fiesta Benéfica event in Puerto Rico in 2024. Direct expenses that benefit donors are netted with revenue and reported in the public support section of the statement of activities and changes in net assets. Indirect event costs are reported as fundraising expenses in the statement of functional expenses.

The following summarizes special event income for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Special events gross revenue	\$ 3,086,459	\$ 3,499,759
Less: Expenses with a direct benefit to the donors	(261,531)	(323,855)
	<u>2,824,928</u>	<u>3,175,904</u>
Less: Other event expenses	-	(470,437)
	<u>\$ 2,824,928</u>	<u>\$ 2,705,467</u>

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

9. Net Assets With Donor Restrictions

Within the community assistance program, educational initiatives include two major projects: the College Readiness, Education, Access, and Retention program (“CREAR”) and the Latino Educational Advancement Project (“LEAP”). CREAR supports college students through a comprehensive suite of services including mentorship, leadership development, academic support, and internship opportunities. LEAP promotes educational equity through policy advocacy, coalition building, and public engagement to improve academic outcomes for Latino students.

Additionally, the Organization advanced workforce development through its Digital Career Nonprofit Accelerator, a donor-funded initiative that supports Latino-led nonprofit organizations in delivering digital skills training aligned with today’s labor market demands. This initiative continues to provide critical pathways to economic mobility for Latino job seekers nationwide.

Finally, donor-restricted funding supported the Organization’s advocacy and civic engagement efforts, including major campaigns to protect immigrant communities and nonprofit organizations from adverse federal policy changes. These funds enabled national advocacy, strategic communications, and direct community mobilization throughout 2025.

Net assets with donor restrictions are composed of the following at December 31, 2025 and 2024:

	Beginning Balance 1/1/2025	Increases	Released from Restrictions	End Balance 12/31/2025
Purpose restricted for programmatic use as follows:				
Advocacy				
Advocacy - general	\$ 2,366,014	\$ 1,734,007	\$ (1,892,672)	\$ 2,207,349
Civic participation	836,512	111,500	(411,167)	536,845
Community assistance				
Community assistance - general	7,219,058	816,469	(2,021,725)	6,013,802
Educational programs	2,854,151	155,100	(1,146,805)	1,862,446
Hurricane relief	1,397,294	177,557	(135,864)	1,438,987
Organization development assistance	676,921	100,000	(736,992)	39,929
Technical assistance				
Digital career nonprofit accelerator program	4,199,717	1,237,917	(1,600,515)	3,837,119
Technical assistance - general	886,019	575,000	(694,812)	766,207
Other	296,189	110,492	(141,766)	264,915
Total program restricted	\$ 20,731,875	\$ 5,018,042	\$ (8,782,318)	\$ 16,967,599

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

	Beginning Balance 1/1/2024	Increases	Released from Restrictions	End Balance 12/31/2024
Purpose restricted for programmatic use as follows:				
Advocacy				
Advocacy - general	\$ 3,239,096	\$ 1,329,684	\$ (2,202,766)	\$ 2,366,014
Civic participation	1,321,413	783,766	(1,268,667)	836,512
Community assistance				
Community assistance - general	12,245,441	1,342,425	(6,368,808)	7,219,058
Educational programs	2,866,199	796,536	(808,584)	2,854,151
Hurricane relief	2,697,169	680,962	(1,980,837)	1,397,294
Organization development assistance	927,841	600,000	(850,920)	676,921
Technical assistance				
Digital career nonprofit accelerator program	2,271,546	4,605,000	(2,676,829)	4,199,717
Technical assistance - general	1,391,470	1,221,750	(1,727,201)	886,019
Other	407,394	213,499	(324,704)	296,189
Total program restricted	\$ 27,367,569	\$ 11,573,622	\$ (18,209,316)	\$ 20,731,875

10. Defined Contribution Plan

The Organization sponsors a 403(b) plan. Under the plan, employees can elect to defer a percentage of their salary, subject to IRC limits, and the Organization may elect to make a discretionary contribution. The Organization made a discretionary contribution of \$420,262 and \$330,326 in the years ended December 31, 2025 and 2024.

11. Availability and Liquidity

Financial assets at December 31, 2025 and 2024, available to meet cash needs for general expenditures within one year are as follows:

	2025	2024
Cash and cash equivalents	\$ 61,804,725	\$ 15,884,639
Investments	30,549,363	15,200,782
Government grant receivables	17,634,639	13,663,837
Contribution receivable	1,828,841	5,929,840
	<u>111,817,568</u>	<u>50,679,098</u>
Less: Amounts not available to be used within one year:		
Board designated Legacy Fund	(25,968,734)	(12,468,734)
Purpose-restricted contributions	(16,967,599)	(20,731,875)
Financial assets available to meet cash needs for general expenditures within one year	\$ 68,881,235	\$ 17,478,489

The Organization regularly monitors liquidity to meet its operational needs. It attempts to operate within a balanced budget and anticipates collecting sufficient revenue from the government and other grants to cover general expenditures in the current and future years.

Additionally, as outlined in Note 2a, the Organization's Board of Directors established a board-designated fund, the Legacy Fund. The Legacy Fund may only be spent with the prior approval of the Executive Committee of the Board of Directors.

Hispanic Federation Inc.
Notes to Financial Statements
December 31, 2025
(With Summarized Financial Information for December 31, 2024)

12. Commitments and Contingencies

The Organization participates in several federal, state, and other grant programs governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable as of December 31, 2025 and 2024, may be impaired.

In the opinion of management, there are no significant contingent liabilities related to non-compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

From time to time, the Organization may become involved in litigation incidental to its business. Based on the Organization's understanding of the facts of any such matters and, where necessary, the advice of counsel, management does not believe that matters currently pending, either individually or in the aggregate, will have a material impact on the Organization's financial position or results of operations.

13. Concentration, Risks, and Uncertainties

Cash and Cash Equivalents

The Organization has significant cash balances at financial institutions that regularly exceed the federally insured limit of \$250,000 throughout the year. Any loss incurred or a lack of access to such funds could significantly adversely impact the Organization's financial condition, results of operations, and cash flows.

Investments

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 their values will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Revenue Concentrations

For the years ended December 31, 2025 and 2024, 4 and 22 government agencies accounted for 70% and 74% of contributed revenue, respectively.

Receivable Concentrations

As of December 31, 2025 and 2024, 4 and 15 government agencies accounted for 78% and 67% of total receivables, respectively.

14. Subsequent Events

Subsequent events have been evaluated through May 27, 2026, the date the financial statements were available to be issued. No material events have occurred that require adjustment to or disclosure to the financial statements.