

**NATIONAL ASSOCIATION FOR LATINO  
COMMUNITY ASSET BUILDERS**

**Financial Statements  
and Additional Information**

**December 31, 2014 and 2013**

**With Independent Auditor's Report Thereon**

**NATIONAL ASSOCIATION FOR LATINO  
COMMUNITY ASSET BUILDERS**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
National Association for Latino  
Community Asset Builders

We have audited the accompanying financial statements of National Association for Latino Community Asset Builders (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Association for Latino Community Asset Builders 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.

**Report on Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015 on our consideration of National Association for Latino Community Asset Builders internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of National Association for Latino Community Asset Builders taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (Schedule 1, page 14), presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is not a required part of the basic financial statements. Such schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements as a whole.



May 22, 2015

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2014 and 2013**

	2014	2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,590,807	794,067
Receivables	358,328	390,277
Promises to give	1,060,000	6,000,000
Prepaid expenses	35,013	5,000
Deposits	6,082	25,930
Total current assets	5,050,230	7,215,274
Property and equipment, less accumulated depreciation of \$31,238 in 2014, and \$15,693 in 2013	1,296,374	14,708
Total assets	\$ 6,346,604	7,229,982
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 238,171	182,948
Accrued expenses	11,837	1,882
Deferred revenue	62,579	25,500
Current portion of long-term debt	55,122	-
Total current liabilities	367,709	210,330
Long-term debt, net of current portion	981,154	-
Total liabilities	1,348,863	210,330
Net assets:		
Unrestricted	299,410	254,542
Temporarily restricted	4,698,331	6,765,110
Total net assets	4,997,741	7,019,652
Total liabilities and net assets	\$ 6,346,604	7,229,982

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and other operating revenue:			
Contract and grants from:			
Federal grants	\$ 1,036,331	-	1,036,331
Other contributions and grants	333,500	2,790,000	3,123,500
Net assets released from restrictions	4,856,779	(4,856,779)	-
Total contracts and grants funding	6,226,610	(2,066,779)	4,159,831
Program service revenue	211,544	-	211,544
Interest income	534	-	534
Other income	69,669	-	69,669
Total support and revenues	<u>6,508,357</u>	<u>(2,066,779)</u>	<u>4,441,578</u>
Expenses:			
Program expenses	5,612,809	-	5,612,809
Lease Operations	45,240		45,240
Support services:			
Management and general	729,619	-	729,619
Fundraising	75,821	-	75,821
Total expenses	<u>6,463,489</u>	<u>-</u>	<u>6,463,489</u>
Change in net assets	44,868	(2,066,779)	(2,021,911)
Net assets, beginning	<u>254,542</u>	<u>6,765,110</u>	<u>7,019,652</u>
Net assets, ending	<u>\$ 299,410</u>	<u>4,698,331</u>	<u>4,997,741</u>

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2013**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Public support and other operating revenue:			
Contract and grants from:			
Federal grants	\$ 1,778,833	-	1,778,833
Other contributions and grants	77,500	7,486,000	7,563,500
Net assets released from restrictions	1,992,547	(1,992,547)	-
Total contracts and grants funding	3,848,880	5,493,453	9,342,333
Program service revenue	321,520	-	321,520
Interest income	33	-	33
Other income	4,185	-	4,185
Total support and revenues	4,174,618	5,493,453	9,668,071
Expenses:			
Program expenses	3,618,269	-	3,618,269
Support services:			
Management and general	301,378	-	301,378
Fundraising	67,518	-	67,518
Total expenses	3,987,165	-	3,987,165
Change in net assets	187,453	5,493,453	5,680,906
Net assets, beginning	67,089	1,271,657	1,338,746
Net assets, ending	\$ 254,542	6,765,110	7,019,652

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2014 and 2013**

	2014	2013
<b>Cash flows from operations:</b>		
Change in net assets	\$ (2,021,911)	5,680,906
Adjustments to reconcile net excess to net cash		
Provided by operations:		
Depreciation	15,545	6,088
(Increase) decrease in assets:		
Receivables	31,949	106,379
Promises to give	4,940,000	(6,000,000)
Prepaid expenses	(30,013)	(5,000)
Deposits	19,848	(20,328)
(Decrease) increase in liabilities:		
Accounts payable	55,223	4,670
Accrued expenses	9,955	747
Deferred revenue	37,079	(256,309)
Net cash provided (used) by operations	3,057,675	(482,847)
<b>Cash flows from investing activities:</b>		
Cash used for purchase of property and equipment	(1,297,211)	(8,694)
<b>Cash flows from financing activities:</b>		
Cash from long-term borrowings	1,036,276	-
(Decrease) increase in cash	2,796,740	(491,541)
Cash, beginning of year	794,067	1,285,608
Cash, end of year	\$ 3,590,807	794,067

See accompanying notes to financial statements.



**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2014**

	<u>Program Expense</u>	<u>Lease Operations</u>	<u>Supporting Services</u>			<u>Total 2014</u>
			<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Grants	\$ 3,579,500	-	-	-	-	3,579,500
Salaries, benefits, and payroll taxes	1,043,241	1,449	553,232	65,592	618,824	1,663,514
Professional services	480,427	-	75,276	3,207	78,483	558,910
Travel	231,741	-	27,394	909	28,303	260,044
Conferences, conventions, and meetings	166,526	-	5,832	-	5,832	172,358
Building occupancy	19,651	36,853	10,421	1,236	11,657	68,161
Rent	42,056	-	22,302	2,644	24,946	67,002
Office expenses	30,307	1,596	11,370	1,348	12,718	44,621
Information technology	8,160	-	13,457	387	13,844	22,004
Depreciation expense	6,404	5,342	3,396	403	3,799	15,545
Advertising and public relations outreach	1,067	-	5,920	-	5,920	6,987
Insurance	3,729	-	1,019	95	1,114	4,843
<b>Total expenses</b>	<b>\$ 5,612,809</b>	<b>45,240</b>	<b>729,619</b>	<b>75,821</b>	<b>805,440</b>	<b>6,463,489</b>

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2013**

	<u>Program Expense</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total 2013</u>
Salaries, benefits, and payroll taxes	\$ 1,056,705	244,937	55,367	1,357,009
Grants	1,044,500	100	-	1,044,600
Travel	254,690	15,275	3,260	273,225
Professional services	1,020,391	16,573	3,746	1,040,710
Conferences, conventions, and meetings	119,490	865	229	120,584
Rent	56,154	13,016	2,942	72,112
Office expenses	22,165	4,803	1,086	28,054
Information technology	15,235	2,239	506	17,980
Advertising and public relations outreach	19,844	1,056	-	20,900
Depreciation expense	4,741	1,099	248	6,088
Insurance	2,560	593	134	3,287
Training and Other	1,794	822	-	2,616
Total expenses	<u>\$ 3,618,269</u>	<u>301,378</u>	<u>67,518</u>	<u>3,987,165</u>

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**Note 1 - Nature of Organization**

National Association for Latino Community Asset Builders (NALCAB) is a 501(c)(3) non-profit organization that was incorporated on September 11, 2002. NALCAB's mission is to build financial and real estate assets as well as human and technology resources for Latino families, communities and organizations. The organization considers itself to be the national voice for a geographically and ethnically diverse group of Latino-led community development corporations (CDC), community development finance institutions (CDFI's) and other community-based organizations that focus on asset building projects. NALCAB's members serve Latino communities by developing affordable housing, implementing economic development strategies, providing consumer education services and providing wealth-building products and services. NALCAB funds its programs through federal grants, foundation grants and through donations.

**Note 2 - Significant Accounting Policies**

**Financial Statement Presentation**

NALCAB's financial statements have been prepared on the accrual basis of accounting following current pronouncements applicable to non-profit organizations.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, NALCAB's net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are the remaining part of NALCAB's net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets – Net assets that result from contributions and other inflow of assets that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of NALCAB pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**Note 2 - Significant Accounting Policies (Continued)**

**Functional Expenses**

NALCAB's costs for programs and supporting services have been reported on a functional basis. This requires the allocation of certain costs among the various programs and supporting services based on estimates made by management. For purposes of the statement of functional expenses, program services include all direct program expenses plus allocated indirect expenses determined by management to benefit programs operated by NALCAB.

**Contributions**

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

**Deferred Revenue**

Income drawn from grant awards and not expensed is deferred and will be recognized in the periods in which expenses for the grant are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Tax Status**

NALCAB is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The three fiscal years under the statute of limitations (December 31, 2014, 2013 and 2012) remain open and subject to examination by Federal jurisdictions.

**Cash and Cash Equivalents**

For purpose of the statement of cash flows, NALCAB considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**Note 2 - Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment is stated at cost at date of acquisition or fair market value at the date of gift. All items over \$500 are capitalized. Depreciation on equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building	30 years
Building Improvements	5-15 years
Equipment	3-7 years

**Note 3 – Receivables and Promises to Give**

Receivables and promises to give consist of the following:

		<u>2014</u>	<u>2013</u>
Federal grants	\$	245,567	296,780
Foundations		1,060,000	6,020,000
Other organizations		112,761	73,497

NALCAB considers accounts receivable to be fully collectible. Therefore, no allowance for doubtful accounts is reported.

**Note 4 – Property and Equipment**

Property and equipment, partially pledged, and accumulated depreciation at December 31, 2014 are summarized as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Life</u>	<u>Method</u>
Land	\$ 280,000	-	280,000	-	-
Buildings	614,883	6,262	608,621	30 yrs	S/L
Building improvements	266,482	740	265,742	30 yrs	S/L
Furniture, fixtures and equipment	<u>166,247</u>	<u>24,236</u>	<u>142,011</u>	5-30 yrs	S/L
	<u>\$ 1,327,612</u>	<u>31,238</u>	<u>1,296,374</u>		

Depreciation expense for the year was \$15,545.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**Note 5 – Deferred Revenue**

NALCAB records grant awards accounted for as exchange transactions as deferred revenue until related services are performed, at which time they are recognized as revenue. The activity in the deferred revenue account is reported as follows:

Deferred revenue, beginning of year	\$	25,500
Grant awards advanced		206,122
Grant expenditures on advances		<u>(169,043)</u>
Deferred revenue, end of year	\$	<u><u>62,579</u></u>

In addition to deferred revenue, NALCAB has two grant awards on which it has availability to draw on. The availability amounts of those grants consist of HUD-One CPD-2010, \$43,526 and HUD-One CPD-2011, \$1,371,642.

**Note 6 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at consists of the following:

<u>Donor</u>	<u>As of December 31, 2013</u>	<u>Received Contributions</u>	<u>Current Year Released</u>	<u>As of December 31, 2014</u>
JPM Chase	\$ 6,236,334	250,000	(3,203,525)	3,282,809
Wal Mart	-	2,000,000	(824,779)	1,175,221
MRBF	48,104	100,000	(48,104)	100,000
Ford	-	230,000	(150,000)	80,000
Citi	234,213	100,000	(273,912)	60,301
PAFF	39,301	10,000	(49,301)	-
Surdna	66,423	100,000	(166,423)	-
Meadows Foundation	25,509		(25,509)	-
NWAF	95,226		(95,226)	-
Z Smith Reynolds	20,000		(20,000)	-
<b>Total</b>	<b>\$ <u>6,765,110</u></b>	<b><u>2,790,000</u></b>	<b><u>(4,856,779)</u></b>	<b><u>4,698,331</u></b>

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**Note 7 – Long-term Debt**

Long-term debt consists of the following:

		2014
Interest only interim note payable to Wells Fargo Bank, N.A. dated March 30, 2014 bearing interest at 5.25%, to be converted to permanent installment note payable at end of construction period, then payable in monthly installments of \$6,212 including principal and interest, maturing October 1, 2024, secured by building.	\$	\$ 916,000
Interest only interim note payable to Wells Fargo Equipment Finance, Inc. dated November 3, 2014, bearing interest at 4.35%, to be converted to permanent installment note upon completion of equipment purchases, then payable in monthly installments of \$3,422 including principal and interest, maturing February 3, 2019, secured by equipment.		120,276
Total notes payable		1,036,276
Less current portion		55,122
Long-term debt, net of current portion	\$	\$ 981,154

**Note 8- Concentrations**

Support from federal grants were as follows:

<b><u>Name of Grant</u></b>	<b>2014</b>	<b>2013</b>
NSP2 - Chicanos Por La Causa	\$ 128,002	\$ 185,380
HUD-Fair Housing Initiative Program	1,082	730,726
HUD-One CPD	721,492	858,977
Department of Commerce-Broadband Technology Opportunities Program	-	3,750
HUD Rural Capacity Building	57,451	-
SBA PRIME	9,261	-
Department of Education – Mission Promise Neighborhood Program	119,043	-
Total federal grant revenue	\$ 1,036,331	\$ 1,778,833

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**Note 9 - Related Party Transactions**

In the ordinary course of business, NALCAB provided sub-grants to member organizations who have representation on the Board of NALCAB. During the years ended December 31, 2014 and 2013, such related party transactions amounted to \$1,045,000 and \$295,000, respectively.

**Note 10 - Retirement Plan**

NALCAB has a 401(k) retirement plan that matches up to 3% for all eligible employees who contribute. Contributions of \$29,929 and \$24,239 were made to the plan for 2014 and 2013.

**Note 11 – Contingencies**

NALCAB's programs are partially supported through federal programs that are governed by various rules and regulations. Expenses charged to the grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that NALCAB has not complied with the rules and regulations governing the grants, refunds of any money received may be required.

In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

The financial instruments for NALCAB include cash and cash equivalents, accounts receivables, prepaid expenses, other assets, and accounts payable. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

**Note 12 - Subsequent Events**

NALCAB evaluates subsequent events in accordance with ASC Topic No. 855, "Subsequent Events" (formally SFAS No. 165). The guidance requires an entity to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. In preparing these financial statements, NALCAB has evaluated events and transactions for potential recognition or disclosure through May 22, 2015, the date the financial statements were available to be issued. NALCAB has determined there are no subsequent events requiring disclosure.



**SINGLE AUDIT COMPLIANCE INFORMATION**

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2014**

Schedule 1

<b>Federal Agency/ Pass through Agency</b>	<b>CFDA Number</b>	<b>Grant Number</b>	<b>Expended During the Year Ended</b>
<b>Department of Housing and Urban Development</b>			
Fair Housing Initiatives Program (FHIP)	14.408	FH00G11082	\$ 5,950
One CPD	14.259	O-10-TA-TX-0010	46,029
One CPD	14.259	O-11-TA-TX-0016	679,079
Rural Capacity Building	14.265	B-13-RCB-TX-001	59,435
Pass Through:			
Chicanos Por La Causa (CPLC) - NSP 2	14.264		126,019
<b>US Small Business Administration</b>			
PRIME	59.050	SBAHQ-14-PR-0017	9,261
<b>Department of Education</b>			
Sub Contractor Work:			
Promise Neighborhoods Program	84.215N	U215N120046	119,043
<b>Total expenditures of federal awards</b>			<b>\$ <u>1,044,817</u></b>

See accompanying notes to schedule of expenditures of federal awards.

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2014**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the National Association for Latino Community Asset Builders and is presented on the accrual basis of accounting. The information in this schedule 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.

**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***

Board of Directors  
National Association for Latino Community Asset Builders

We have audited the financial statements of National Association for Latino Community Asset Builders as of and for the year ended December 31, 2014, and have issued our report thereon dated May 22, 2015. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered National Association for Latino Community Asset Builder's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of National Association for Latino Community Asset Builder's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of National Association for Latino Community Asset Builder's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Association for Latino Community Asset Builder's financial statements are free of 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*.

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

A handwritten signature in black ink, appearing to read "J. Gonzalez, Jr.", with a stylized flourish at the end.

May 22, 2015

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A -133**

Board of Directors  
National Association for Latino Community Asset Builders

**Compliance**

We have audited National Association for Latino Community Asset Builder'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 National Association for Latino Community Asset Builder's major federal programs for the year ended December 31, 2014. National Association for Latino Community Asset Builder’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of National Association for Latino Community Asset Builder’s management. Our responsibility is to express an opinion on National Association for Latino Community Asset Builder’s compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit*. 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 National Association for Latino Community Asset Builder’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. Our audit does not provide a legal determination of National Association for Latino Community Asset Builder’s compliance with those requirements.

In our opinion, National Association for Latino Community Asset Builders complied, in all material respects, with the 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.

## Internal Control Over Compliance

Management of National Association for Latino Community Asset Builders is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered National Association for Latino Community Asset Builder's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 National Association for Latino Community Asset Builder'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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the audit committee, management, others within the organization and federal and state awarding entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "J. Gonzalez, P.C.", is positioned to the right of the date. The signature is fluid and cursive.

May 22, 2015

**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
Year ended December 31, 2014**

<u>Program</u>	<u>Prior Year's Finding/Noncompliance Questioned Costs</u>
	None.



**NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended December 31, 2014**

**Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Non-compliance material to the financial statements.	None

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None

**Major Programs**

**Federal Programs**

CFDA 14.259 Department of Housing and Urban Development, Community Compass Technical Assistance and Capacity Building

Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee	Yes

**Findings – Financial Statements Audit** None

**Findings and Questioned Costs – Major Federal Programs Audit** None