



Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries

Consolidated Financial Statements
and Supplementary Information
Years Ended September 30, 2017 and 2016

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

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(d/b/a Prospera) and Subsidiaries**

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Independent Auditor's Report

Board of Directors
Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries
Orlando, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and its subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2017 and 2016, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Florida Auditor General*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
March 20, 2018

Consolidated Financial Statements

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Consolidated Statements of Financial Position

<i>September 30,</i>	2017	2016
Assets:		
Cash and cash equivalents	\$ 962,595	\$ 627,809
Investments (Note 3)	523,263	703,800
Accounts receivable	1,409	49,346
Grants and contributions receivable	385,500	555,434
Prepaid expenses and other assets	142,570	93,679
Property and equipment, net (Note 4)	96,856	128,666
	\$ 2,112,193	\$ 2,158,734
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 63,020	\$ 49,294
Accrued expenses	120,028	223,551
Deferred revenue	310,001	167,253
Total liabilities	493,049	440,098
Commitments and contingencies (Note 5)		
Net assets (Note 6):		
Unrestricted	1,484,144	1,633,636
Temporarily restricted	135,000	85,000
Total net assets	1,619,144	1,718,636
	\$ 2,112,193	\$ 2,158,734

See accompanying notes to consolidated financial statements.

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Consolidated Statements of Activities

<i>Year Ended September 30,</i>	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
Grants	\$ 1,964,984	\$ —	\$ 1,964,984	\$ 2,066,310	\$ —	\$ 2,066,310
Contributions	502,756	135,000	637,756	501,708	85,000	586,708
Special event revenue:	594,119	—	594,119	547,984	—	547,984
Less: cost of direct benefit to donors	(372,584)	—	(372,584)	(237,438)	—	(237,438)
Net special event revenue	221,535	—	221,535	310,546	—	310,546
Net investment income (loss) (Note 3)	6,639	—	6,639	(7,659)	—	(7,659)
Other income	—	—	—	40,000	—	40,000
Net assets released from restrictions (Note 6)	85,000	(85,000)	—	104,500	(104,500)	—
Total revenues and support	2,780,914	50,000	2,830,914	3,015,405	(19,500)	2,995,905
Expenses:						
Program services	2,087,041	—	2,087,041	2,279,955	—	2,279,955
General and administrative	270,805	—	270,805	212,748	—	212,748
Fundraising	572,560	—	572,560	477,834	—	477,834
Total expenses	2,930,406	—	2,930,406	2,970,537	—	2,970,537
Change in net assets	(149,492)	50,000	(99,492)	44,868	(19,500)	25,368
Net assets, beginning of year	1,633,636	85,000	1,718,636	1,588,768	104,500	1,693,268
Net assets, end of year	\$ 1,484,144	\$ 135,000	\$ 1,619,144	\$ 1,633,636	\$ 85,000	\$ 1,718,636

See accompanying notes to consolidated financial statements.

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Consolidated Statements of Cash Flows

<i>Year Ended September 30,</i>	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (99,492)	\$ 25,368
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	38,545	39,159
Net unrealized loss on investments	12,688	8,670
Loss on disposal of assets	178	—
Changes in operating assets and liabilities:		
Accounts receivable	47,937	(11,263)
Grants and contributions receivable	169,934	(53,544)
Prepaid expenses and other assets	(48,891)	(13,776)
Accounts payable	13,726	2,511
Accrued expenses	(103,523)	(5,496)
Deferred revenue	142,748	(5,505)
Net cash provided by (used for) operating activities	173,850	(13,876)
Cash flows from investing activities:		
Purchase of property and equipment	(6,913)	(36,073)
Reinvested earnings on investments	24,441	1,011
Purchases of investments	(27,592)	(479,686)
Proceeds from sale of investments	171,000	—
Net cash provided by (used for) investing activities	160,936	(514,748)
Net increase (decrease) in cash and cash equivalents	334,786	(528,624)
Cash and cash equivalents, beginning of year	627,809	1,156,433
Cash and cash equivalents, end of year	\$ 962,595	\$ 627,809

See accompanying notes to consolidated financial statements.

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Consolidated Statements of Functional Expenses

<i>Year Ended September 30,</i>	2017				2016			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		General and Administrative	Fundraising			General and Administrative	Fundraising	
Salaries and wages	\$ 943,950	\$ 104,131	\$ 282,834	\$ 1,330,915	\$ 991,111	\$ 97,959	\$ 238,793	\$ 1,327,863
Taxes - payroll	73,116	9,016	22,399	104,531	74,967	6,231	16,042	97,240
Employee benefits	169,334	20,526	45,332	235,192	162,297	20,086	34,278	216,661
Contract services	304,178	5,251	9,273	318,702	363,677	4,204	1,533	369,414
Rent	162,427	6,375	18,508	187,310	149,463	8,295	13,432	171,190
Professional fees	44,256	29,074	9,212	82,542	54,648	19,145	5,767	79,560
Travel	49,042	4,899	27,809	81,750	45,409	4,188	23,303	72,900
Advertising and marketing	123,572	5,419	53,976	182,967	106,476	5,665	43,845	155,986
Postage and shipping	430	626	196	1,252	1,097	1,008	1,228	3,333
Telephone	26,001	3,392	3,653	33,046	27,320	4,188	2,809	34,317
Governmental consulting	85,000	—	—	85,000	85,000	—	—	85,000
Insurance	6,617	1,363	643	8,623	9,499	1,420	1,347	12,266
Printing	78	—	8,385	8,463	1,500	78	17,831	19,409
Equipment rental	4,341	9,277	494	14,112	18,658	1,710	844	21,212
Office supplies and other expenses	50,968	40,019	72,247	163,234	136,230	27,426	53,039	216,695
Community outreach	11,611	677	8,991	21,279	19,738	3,530	7,041	30,309
Repairs and maintenance	416	1,979	—	2,395	—	196	—	196
Depreciation and amortization	29,165	4,460	4,920	38,545	29,761	4,699	4,699	39,159
Dues and subscriptions	320	117	15	452	2,310	290	921	3,521
Miscellaneous	2,219	24,204	3,673	30,096	794	2,430	11,082	14,306
Total	\$ 2,087,041	\$ 270,805	\$ 572,560	\$ 2,930,406	\$ 2,279,955	\$ 212,748	\$ 477,834	\$ 2,970,537

See accompanying notes to consolidated financial statements.

Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Nature of Organization

The Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) ("Prospera Florida") is the leading Hispanic nonprofit economic development organization in Florida specializing in bilingual business development to Hispanic entrepreneurs trying to establish or expand their business. Prospera Florida was incorporated in the state of Florida on September 1, 1995 to contribute to the growth of disadvantaged and underprivileged Hispanic minority business enterprises. Prospera Florida provides business technical assistance to Hispanic-American operated and owned businesses in Florida. Qualified professional services such as accountants, lawyers, and business and marketing consultants are available to these minority businesses through this program. Prospera Florida also provides educational opportunities for Hispanic-American businesses by offering seminars and workshops.

Hispanic Business Initiative Fund Nationwide, Inc. ("HBIF Nationwide") was incorporated in 2001 to pursue Hispanic economic development in other states.

On May 23, 2017, the Organization formed a single member limited liability corporation, Prospera North Carolina, LLC ("Prospera North Carolina"), the sole member of which is Prospera Florida. Prospera North Carolina was organized to provide services to Hispanic entrepreneurs in the state of North Carolina similar to those provided by the Prospera Florida.

Prospera Florida, HBIF Nationwide, and Prospera North Carolina are collectively referred to as the "Organization."

Basis of Accounting

The consolidated financial statements of the Organization are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of Prospera Florida and its wholly owned subsidiary Prospera North Carolina, as well as HBIF Nationwide. Prospera Florida and HBIF Nationwide have common members of the Board of Directors and utilize the same management and employees. They were organized to achieve common goals. Prospera Florida appoints the majority of the board members of HBIF Nationwide and has an economic interest in HBIF Nationwide. All significant intercompany balances and transactions have been eliminated in consolidation.

Liquidity

Assets are presented in the accompanying consolidated statements of financial position according to their nearness of conversion to cash and liabilities to their nearness of their maturity and resulting use of cash.

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Notes to Consolidated Financial Statements

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Investments

Investments consist of corporate bonds that are carried at fair market value. Investments also include certificates of deposit with original maturities greater than three months. Realized and unrealized gains and losses are combined with interest income and dividends earned during the period and are recorded as net investment income on the consolidated statements of activities.

Property and Equipment

Property and equipment are stated at cost when purchased or at the fair value at the date of gift when donated. Expenditures for repairs and maintenance are expensed in the year incurred. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the estimated useful life or the term of the lease.

Net Assets

Unrestricted net assets consist of amounts that are available for use in carrying out the activities of the Organization. Temporarily restricted net assets represent those amounts which are not available until future periods or are donor restricted for specific purposes. Permanently restricted net assets result from gifts and bequests from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity. The Organization did not have any permanently restricted net assets at September 30, 2017 or 2016.

Grants and Contributions

Grants represent amounts due from state and local government agencies and are recorded as exchange transactions in which each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions, and, as such, are deemed to be earned and reported as revenue when such funds have been expended towards their designated purpose. Grants considered to be exchange transactions that are received in advance of expenditures are recorded as deferred revenue.

Unconditional promises to give from individuals, corporations and foundations are recognized at fair value and recorded as contributions on the date the promise was made. Donations of goods and services are recognized at fair value and recorded as contributions or special event revenue on the date donated.

Contributed services are recognized and recorded at fair value only to the extent they create and enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

Grants and contributions receivable at September 30, 2017 and 2016, were due in less than one year. At September 30, 2017 and 2016, in the opinion of management, all accounts were considered fully collectible and, accordingly, no allowance was necessary.

Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries

Notes to Consolidated Financial Statements

Donor Restricted Support

The Organization reports contributions of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Special Event Revenue

Special event revenue is recognized in the period the event takes place. Sponsorships received in advance of the event are recorded as deferred revenue.

Advertising

Advertising costs are expensed the first time the advertising takes place. Total advertising costs were \$100,114 and \$55,978 during 2017 and 2016, respectively.

Functional Allocation of Expenses

The cost of providing the program and other activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. All other expenses are allocated based on management's estimate of the relative functional activity.

Income Taxes

Prospera Florida and HBIF Nationwide are not-for-profit organizations and are exempt from Federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Prospera North Carolina was incorporated under the North Carolina Limited Liability Company Act, Chapter 57D of the North Carolina Statutes and is considered a disregarded entity for federal and state income tax purposes. Therefore, no provision for income taxes has been included in the accompanying consolidated financial statements.

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, The Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries

Notes to Consolidated Financial Statements

Fair Value of Financial Instruments

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximate their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, grants and contributions receivable, accounts payable and accrued expenses. The Organization's Level 1 financial assets consist of investments as disclosed in Note 3 and are valued on a daily basis in an active market. The Organization has no Level 2 or 3 financial assets or liabilities.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries

Notes to Consolidated Financial Statements

Accounting Pronouncements Issued but Not Yet Adopted

Presentation of Financial Statements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Organization's consolidated financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their consolidated financial statements.

Revenue

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Organization is currently evaluating the impact of its pending adoption of ASU 2014-09 on its consolidated financial statements and has not yet determined the method by which it will adopt the standard.

Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries

Notes to Consolidated Financial Statements

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

2. Concentrations of Credit Risk and Support

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances.

The Organization receives substantial support from the State of Florida which represented 46.7% and 50.2% of total revenues and support during fiscal 2017 and 2016, respectively. A significant reduction in the level of this support, if this were to occur, may impact the Organization's programs and activities.

3. Investments

Investments consist of the following:

<i>September 30,</i>	2017	2016
Certificates of deposit	\$ 235,257	\$ 334,651
Level 1:		
Corporate bonds	288,006	369,149
	\$ 523,263	\$ 703,800

Net investment income (loss) during the year is as follows:

<i>Year Ended September 30,</i>	2017	2016
Interest and dividends	\$ 19,057	\$ 1,011
Unrealized loss on investments	(12,688)	(8,670)
	\$ 6,369	\$ (7,659)

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Notes to Consolidated Financial Statements

4. Property and Equipment

Property and equipment is comprised of the following:

<i>September 30,</i>	<i>Life</i>	2017	2016
Leasehold improvements	varies	\$ 25,659	\$ 25,659
Computer equipment	5-7 years	113,407	108,094
Software	3-5 years	56,100	43,753
Furniture and equipment	5-7 years	71,315	71,315
		266,481	248,821
Less: accumulated depreciation and amortization		(169,625)	(120,155)
		\$ 96,856	\$ 128,666

5. Commitments and Contingencies

Operating Leases

The Organization leases office facilities and a copier under operating lease agreements expiring at various dates through May 2021.

Future rent payments due under these leases are as follows:

<i>Years Ending September 30,</i>	Amount
2018	\$ 179,105
2019	157,218
2020	80,220
2021	43,767
Total	\$ 460,310

Rent expense under these leases for the years ended September 30, 2017 and 2016, amounted to \$174,755 and \$168,862, respectively.

Legal

In the normal course of business, the Organization occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the financial position, results of operations or cash flows of the Organization.

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Notes to Consolidated Financial Statements

6. Net Assets

Unrestricted

Unrestricted net assets as of September 30, 2017 and 2016, include \$815,505 and \$812,025, respectively, designated by the Organization's Board of Directors as an operating cash reserve.

Temporarily Restricted

Restrictions on net assets consist of the following:

<i>September 30,</i>	2017	2016
Time restrictions:		
Contributions for future periods	\$ 135,000	\$ 85,000

Net assets released from restrictions upon the passage of time were as follows:

<i>Year Ended September 30,</i>	2017	2016
Contributions received for current period	\$ 85,000	\$ 104,500

7. Donated Goods and Services

Donated goods and services consist of the following:

<i>Year Ended September 30,</i>	2017	2016
Contributions:		
Advertising	\$ 64,226	\$ 40,800
Other	8,245	34
	72,471	40,834
Special event revenue:		
Food and drink	129,353	116,292
Outside services	29,990	39,671
Advertising and promotions	14,725	—
Other	20,998	440
	195,066	156,403
Total donated goods and services	\$ 267,537	\$ 197,237

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Notes to Consolidated Financial Statements

8. Line of Credit

On March 9, 2015, the Organization obtained a revolving line of credit with a bank providing maximum borrowings of \$150,000 with interest payable monthly at the bank's prime rate plus 1.25% (4.5% as of September 30, 2017). In January 2017, the line of credit was increased to provide maximum borrowings of \$300,000. The line is collateralized primarily by property and equipment and receivables of the Organization and expires on March 9, 2019. At September 30, 2017 and 2016, there was no outstanding balances due on the line of credit.

9. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to September 30, 2017 as of March 20, 2018, which is the date the consolidated financial statements were available to be issued. Subsequent events occurring after March 20, 2018 have not been evaluated by management. No material events have occurred since September 30, 2017 that require recognition or disclosure in the consolidated financial statements.

Reports Required by *Government Auditing Standards*
and Florida Single Audit Act



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors

Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and its subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
March 20, 2018



Independent Auditor's Report on Compliance for the Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Florida Auditor General*

Board of Directors
Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and Subsidiaries
Orlando, Florida

Report on Compliance for the Major State Project

We have audited Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and its subsidiaries' (the "Organization") compliance with the types of compliance requirements described in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Organization's major state project for the year ended September 30, 2017. The Organization's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs - state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of statutes, regulations, and the terms and conditions of its state awards applicable to its major state project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Florida Auditor General* (Chapter 10.650). Those standards and Chapter 10.650 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 the major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended September 30, 2017.



Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, 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 the Organization'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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
March 20, 2018

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Schedule of Expenditures of State Financial Assistance

State Agency/State Project	State CSFA Number	Contract/ Grant Number	Expenditures
Florida Department of Economic Opportunity:			
Hispanic Business Initiative Fund Program	40.041	D0094	\$ 1,114,534
Hispanic Business Initiative Fund Program	40.041	D0109	195,390
Total expenditures of state financial assistance			\$ 1,309,924

See accompanying notes to schedule of expenditures of state financial assistance.

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Notes to Schedule of Expenditures of State Financial Assistance

1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state financial assistance activity of Hispanic Business Initiative Fund of Florida, Inc. (d/b/a Prospera) and its subsidiaries (the "Organization") under programs of the State of Florida for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Hispanic Business Initiative Fund of Florida, Inc.
(d/b/a Prospera) and Subsidiaries**

Schedule of Findings and Questioned Costs - State Financial Assistance

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

State Projects

Type of auditor's report issued on compliance for major projects Unmodified

Internal control over major projects:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656? Yes No

Identification of major projects:

State Project: CSFA Number
Florida Department of Economic Opportunity:
Hispanic Business Initiative Fund Program 40.041

Dollar threshold used to distinguish between Type A and Type B programs: N/A

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings related to the consolidated financial statements which are required to be reported in accordance with generally accepted government auditing standards.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

There were no findings and questioned costs for state projects (as defined in Chapter 10.656) that are required to be reported.

SECTION IV - OTHER ISSUES

No management letter is required because there were no findings required to be reported in the management letter.

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State projects.