

EL CENTRO DE LA RAZA
AND AFFILIATES
Consolidated Financial Statements and
Supplementary Information
for the Year Ended December 31, 2018
(With Comparative Totals for 2017)
and Independent Auditor's Reports



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EL CENTRO DE LA RAZA AND AFFILIATES
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
El Centro de la Raza and Affiliates
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of El Centro de la Raza and Affiliates (a Washington nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2018, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 audit. 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. Those standards require that we plan and perform the audit 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 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 entity'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 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 consolidated financial statements.

Auditor's Responsibility, Continued

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 El Centro de la Raza and Affiliates as of December 31, 2018, and 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 Matters

Report on Summarized Comparative Information


The 2017 financial statements were audited by Watson & McDonell, PLLC, whose practice became part of CliftonLarsonAllen LLP as of February 1, 2019, and whose report dated July 31, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information presented in the consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 consolidated financial statements or to the 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 June 28, 2019, on our consideration of El Centro de la Raza and Affiliates' 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 El Centro de la Raza and Affiliates' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Bellevue, Washington
June 28, 2019

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidated Statement of Financial Position
December 31, 2018
(With Comparative Totals for 2017)

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,064,427	\$ 3,170,007
Grants and contracts receivable	905,487	581,117
Contributions receivable, current	20,463	40,633
Other receivables	240,913	190,844
Tenant security deposits	22,504	22,496
Tenant receivables	201	1,261
Prepaid expenses	31,600	23,702
TOTAL	2,285,595	4,030,060
 PROPERTY AND EQUIPMENT		
Land and improvements	1,223,094	1,223,094
Buildings and improvements	17,720,712	17,615,442
Furniture and equipment	781,343	670,073
Accumulated depreciation	(6,254,582)	(5,532,473)
TOTAL	13,470,567	13,976,136
 OTHER ASSETS		
Reserves and restricted deposits	3,311,092	1,026,063
Contributions receivable, long-term	10,047	26,373
Accrued interest receivable - related party	752,545	550,007
Notes receivable - related party, long-term	3,468,411	3,495,411
Investment in limited liability companies	499,682	499,785
Artwork	395,365	395,365
Unemployment trust fund	144,341	133,116
TOTAL	8,581,483	6,126,120
TOTAL ASSETS	\$ 24,337,645	\$ 24,132,316

The accompanying notes should be read with these financial statements.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidated Statement of Financial Position, Continued
December 31, 2018
(With Comparative Totals for 2017)

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable	\$ 189,449	\$ 207,200
Construction accounts payable	30,209	16,836
Accrued liabilities	481,458	522,918
Accrued interest payable	10,702	10,824
Tenant deposits	29,573	26,716
Deferred rent	4,515	4,515
Notes payable, current	126,109	142,824
Deferred revenue	36,005	26,123
TOTAL	908,020	957,956
 LONG-TERM LIABILITIES		
Notes payable less unamortized debt issuance costs	3,442,647	4,094,752
Deferred revenue	2,500,833	2,608,333
Deferred loans	1,942,029	1,219,769
Deferred interest	124,763	113,152
TOTAL	8,010,272	8,036,006
TOTAL LIABILITIES	8,918,292	8,993,962
 NET ASSETS		
Undesignated net assets without donor restriction	11,770,782	14,020,503
Board designated net assets	3,063,785	707,877
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	14,834,567	14,728,380
Net assets with donor restriction	584,786	409,974
TOTAL NET ASSETS	15,419,353	15,138,354
TOTAL LIABILITIES AND NET ASSETS	\$ 24,337,645	\$ 24,132,316

The accompanying notes should be read with these financial statements.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Without donor Restriction	With donor Restriction	Total 2018	Total 2017
REVENUES AND GAINS				
In-kind donations	\$ 665,559	\$ -	\$ 665,559	\$ 717,498
Contributions and grants	191,212	717,871	909,083	794,480
Contracts and grants - government	3,520,916	-	3,520,916	4,675,980
United Way	615,212	-	615,212	608,138
Child care tuition	2,834,755	-	2,834,755	2,524,402
Rental income	617,659	-	617,659	563,034
Realized gain (loss) on investments	(3,548)	-	(3,548)	8,609
Special event revenue of \$381,284, net of expense of \$157,815	223,469	-	223,469	327,591
Tenant charges	4,300	-	4,300	4,533
Interest income	206,792	-	206,792	230,926
Management fees	13,431	-	13,431	14,472
Forgiven debt	624	-	624	656
Other revenue	96,727	-	96,727	171,735
Net assets released from restriction	543,059	(543,059)	-	-
TOTAL	<u>9,530,167</u>	<u>174,812</u>	<u>9,704,979</u>	<u>10,642,054</u>
EXPENSES				
Program services:				
Child Development Center	3,616,249	-	3,616,249	3,503,938
Food bank, referral, advocacy and counseling	2,557,388	-	2,557,388	2,482,274
Home ownership education	226,467	-	226,467	432,535
Other projects	200,556	-	200,556	147,722
Roberto Maestas Plaza	187,124	-	187,124	82,841
ECR housing	84,921	-	84,921	99,514
NBHHIA housing	266,587	-	266,587	301,458
Supporting services:				
Management and general	1,082,967	-	1,082,967	1,122,471
Fundraising	452,182	-	452,182	412,133
Rental of excess capacity	245,849	-	245,849	226,811
ECDLR Community				
Development LLC	503,690	-	503,690	504,560
TOTAL EXPENSES	<u>9,423,980</u>	<u>-</u>	<u>9,423,980</u>	<u>9,316,257</u>
CHANGE IN NET ASSETS	106,187	174,812	280,999	1,325,797
NET ASSETS, BEGINNING OF YEAR	<u>14,728,380</u>	<u>409,974</u>	<u>15,138,354</u>	<u>13,812,557</u>
NET ASSETS, END OF YEAR	<u>\$ 14,834,567</u>	<u>\$ 584,786</u>	<u>\$ 15,419,353</u>	<u>\$ 15,138,354</u>

The accompanying notes should be read with these financial statements.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Program Services							Total Program Services
	Child Development Center	Food Bank, Referral, Advocacy and Counseling	Home Ownership Education	Other Projects	Roberto Maestas Plaza	ECR Housing	NBHHA Housing	
Salaries	\$ 2,489,125	\$ 1,209,939	\$ 137,530	\$ 53,281	\$ 108,130	\$ 15,935	\$ 27,809	\$ 4,041,749
Payroll taxes	238,834	123,314	12,479	5,343	10,501	2,544	3,721	396,736
Benefits	451,581	165,924	18,382	3,555	12,796	3,626	2,467	658,331
	<u>3,179,540</u>	<u>1,499,177</u>	<u>168,391</u>	<u>62,179</u>	<u>131,427</u>	<u>22,105</u>	<u>33,997</u>	<u>5,096,816</u>
Specific assistance to individuals	15,599	71,398	4	13,288	9,240	306	-	109,835
Special events	-	-	-	-	-	0	-	-
Donated food	-	660,367	-	-	-	-	-	660,367
Professional fees and temp. help	1,715	16,294	15,484	34,717	38,961	2,000	1,393	110,564
Supplies	328,661	75,657	2,813	15,707	962	695	1,299	425,794
Telephone and postage	6,350	13,641	3,134	2,684	348	546	1,012	27,715
Occupancy	(65,507)	42,582	5,119	6,306	1,003	-	48,258	37,761
Occupancy - rentals	-	-	-	-	-	30,206	-	30,206
Equipment rental and maintenance	17,640	17,741	3,024	1,824	750	438	-	41,417
Printing, artwork and publications	97	439	133	32,600	27	404	-	33,700
Travel and mileage reimbursement	1,044	21,880	-	3,914	1,958	1	-	28,797
Training and development	1,572	7,867	4,297	386	1	-	-	14,123
Interest	-	-	-	-	-	0	44,088	44,088
Taxes and insurance	4,178	2,809	312	106	-	11,203	5,060	23,668
Vehicle expense	11,156	958	30	9	-	-	-	12,153
Fees and licenses	12,133	10,127	1,895	6,970	2,436	-	-	33,561
Advertising	1,227	7,816	1,716	7,740	-	-	-	18,499
Other	754	201	8,054	8,030	11	4,319	3,114	24,483
Total expenses before depreciation and amortization	<u>3,516,159</u>	<u>2,448,954</u>	<u>214,406</u>	<u>196,460</u>	<u>187,124</u>	<u>72,223</u>	<u>138,221</u>	<u>6,773,547</u>
Depreciation	100,090	108,434	12,061	4,096	-	12,530	128,366	365,577
Interest expense, amortization of debt issuance costs	-	-	-	-	-	168	-	168
Total expenses	<u>\$ 3,616,249</u>	<u>\$ 2,557,388</u>	<u>\$ 226,467</u>	<u>\$ 200,556</u>	<u>\$ 187,124</u>	<u>\$ 84,921</u>	<u>\$ 266,587</u>	<u>\$ 7,139,292</u>

The accompanying notes should be read with these financial statements.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidated Statement of Functional Expenses, Continued
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Support Services					
	Management and General	Fundraising	Rental of Excess Capacity	Total Support Services	Total 2018	Total 2017
Salaries	\$ 441,758	\$ 268,984	\$ 63,248	\$ 773,990	\$ 4,815,739	\$ 4,540,904
Payroll taxes	69,190	25,826	7,979	102,995	499,731	436,028
Benefits	96,096	23,913	10,490	130,499	788,830	794,490
	607,044	318,723	81,717	1,007,484	6,104,300	5,771,422
Specific assistance to individuals	16,453	1,100	-	17,553	127,388	221,140
Special events	-	157,815	-	157,815	157,815	500,580
Donated food	-	-	-	-	660,367	676,896
Professional fees and temp. help	71,227	8,099	-	79,326	189,890	286,771
Supplies	18,419	75,087	8,642	102,148	527,942	468,004
Telephone and postage	7,669	7,598	2,176	17,443	45,158	47,197
Occupancy	12,022	6,442	36,130	54,594	92,355	292,152
Occupancy - rentals	-	-	-	-	30,206	31,340
Equipment rental and maintenance	3,532	5,026	2,737	11,295	52,712	46,313
Printing, artwork and publications	5,162	2,925	8	8,095	41,795	10,766
Travel and mileage reimbursement	13,434	72	132	13,638	42,435	34,228
Training and development	5,355	985	40	6,380	20,503	13,893
Interest	490	-	-	490	44,578	117,918
Taxes and insurance	63,370	401	2,865	66,636	90,304	135,635
Vehicle expense	258	102	248	608	12,761	14,916
Fees and licenses	178,707	1,268	320	180,295	213,856	171,502
Advertising	6,948	5,916	251	13,115	31,614	8,017
Other	44,356	2,964	(13)	47,307	71,790	41,283
Total expenses before depreciation and amortization	1,054,446	594,523	135,253	1,784,222	8,557,769	8,889,973
Depreciation	28,521	15,474	110,596	154,591	520,168	399,257
Interest expense, amortization of debt issuance costs	-	-	-	-	168	23,047
Total expenses	1,082,967	609,997	245,849	1,938,813	9,078,105	9,312,277
Less: expenses included with revenue on the statement of activities	-	(157,815)	-	(157,815)	(157,815)	(500,580)
Total expenses included in the expense section of the statement of activities	<u>\$ 1,082,967</u>	<u>\$ 452,182</u>	<u>\$ 245,849</u>	<u>\$ 1,780,998</u>	<u>\$ 8,920,290</u>	<u>\$ 8,811,697</u>

The accompanying notes should be read with these financial statements.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets	\$ 280,999	\$ 1,325,797
Depreciation	722,109	603,573
Interest expense, amortization of debt issuance costs	15,779	23,047
Unrealized loss (gain) on investment in LLC	103	127
Capital grants	(32,678)	(998,687)
Forgiven debt	(624)	(656)
(Increase) decrease in operating assets:		
Grants and contracts receivable	(324,370)	707,087
Prepaid expenses	(7,898)	(10,960)
Contributions receivable	36,496	174,450
Tenant receivables	1,060	20,923
Other receivables	(252,607)	(332,790)
Increase (decrease) in operating liabilities:		
Accounts payable	(17,751)	(163,308)
Accrued interest payable	(122)	4,462
Accrued liabilities	(41,458)	60,898
Tenant deposits, net	2,849	(7,140)
Deferred revenue	(97,618)	(87,442)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	284,269	1,319,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(203,167)	(2,439,249)
Purchase of artwork	-	(118,344)
Net deposits to other non-current assets	(11,225)	(29,782)
Notes receivable - related party	27,000	1,287,795
Net withdrawals (deposits) from/to reserves	93,933	19,938
Net withdrawals (deposit) from/to designated reserves	(2,378,962)	(2,330)
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	(2,472,421)	(1,281,972)

The accompanying notes should be read with these financial statements.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidated Statement of Cash Flows, Continued
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from grants restricted for capital improvements	\$ 32,678	\$ 998,687
Proceeds from notes payable	722,260	794,629
Principal payments on notes payable	<u>(672,366)</u>	<u>(1,062,620)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>82,572</u>	<u>730,696</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,105,580)	768,105
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,170,007</u>	<u>2,401,902</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,064,427</u>	<u>\$ 3,170,007</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 160,001</u>	<u>\$ 117,918</u>
Noncash investing and financing transactions:		
Forgiven debt	<u>\$ 624</u>	<u>\$ 656</u>

The accompanying notes should be read with these financial statements.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 1 - NATURE OF THE ORGANIZATION

El Centro de la Raza (El Centro) is a community-based nonprofit organization founded on October 11, 1972. El Centro is the voice and hub of the Latino community for services and advocacy and provides strong child and youth programs and comprehensive services that build self-sufficiency. El Centro helps children, youth, adults and families gain the skills and access the resources to lead fulfilled lives and achieve a greater degree of economic self-sufficiency. This is accomplished through the provision of a unique blend of services and advocacy that together result in stronger, more effective programs.

El Centro operates programs in four areas:

Child & Youth Services: Investing in our children and their future, El Centro provides an array of bilingual, multicultural child and youth services to the local community. Through these services:

- Infants and young children meet development milestones.
- Young children are prepared to enter kindergarten.
- Students develop and strengthen skills and/or habits that support academic success.
- Educationally at-risk students make academic progress.
- Children and youth acquire dual language and multicultural skills.
- Elementary and middle school aged youth receive academic and cultural enrichment during the summer months.
- Youth acquire job readiness skills, gain employment and retain jobs.
- Youth acquire technology skills.
- Youth build leadership skills.
- Youth are encouraged and better prepared to pursue and/or enroll in post-secondary education.
- Parents and guardians participate in children's learning and emotional development.
- At risk expecting mothers receive culturally competent pre, post and perinatal services to increase healthy birth outcomes.
- Mothers participate in an empowerment support group.
- Community partnerships promote children's comprehensive developmental success.

Human Services: Seeking to address immediate aspects of human suffering such as hunger, healthcare and homelessness, our Frances Martinez Community Service Center provides diverse, bilingual human services. Through these services:

- People meet their basic food needs.
- People transitioning out of homelessness secure permanent housing.
- People acquire permanent affordable housing.
- Individuals and families in crisis receive immediate information, referral and services to meet their needs.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 1 - NATURE OF THE ORGANIZATION, CONTINUED

Human Services, continued:

- Older adults maintain the highest possible quality of life.
- Families and individuals are able to access basic health insurance plans.
- Income-eligible participants access affordable transit rates.
- Veterans increase access and awareness of human services, housing, and health resources.
- People receive access to legal services.
- People receive access to tax preparation services.
- Communities of Color decrease tobacco use and promote healthier lifestyles.

Education & Skill Building Programs: El Centro seeks to promote self-sufficiency and empowerment through bilingual education and skill-building initiatives. Through these services:

- People reduce debt, improve credit, increase savings and utilize equitable banking services.
- Low and moderate-income families are able to purchase homes.
- Homeowners are able to avoid foreclosure.
- Homeowners successfully refinance their homes.
- Families and individuals improve financial literacy.
- Entrepreneurs gain access to support, information and capital to start or grow a small business.
- People acquire and improve English language and literacy skills.
- Community participants engage in civic involvement through activities such as voter participation, education and advocacy.

Community Building & Development: El Centro believes that only through civic involvement, grassroots organizing, and political and social activism will our community be able to effectively address the profound contradictions facing our world. We unite communities of all races, genders, ages and classes to fight for civil and human rights both locally and globally.

On March 1, 2015, PRM Manager LLC, which is solely owned by El Centro, was admitted as the managing member of Plaza Roberto Maestas LLC (PRM), a Washington limited liability company, with a .01 percent interest. On April 9, 2015, US Bancorp Community Development Corporation was admitted as the investor member.

On January 28, 2015, El Centro became the sole member of ECDLR Community Development LLC, a Washington limited liability company. ECDLR Community Development LLC was formed to own a community center, retail and office space, a plaza, and a childcare facility.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 1 - NATURE OF THE ORGANIZATION, CONTINUED

ECR is a nonprofit corporation of which El Centro is the controlling entity. ECR owns and manages two single-family residences for low-income tenants and a mixed-use building with commercial and residential space. On May 1, 2014, ECR became a 21 percent member of HP MM LLC, a Washington limited liability company. HP MM LLC is the managing member of Hirabayashi Place LLC, a Washington limited liability company formed to develop, own and operate 95 units of residential housing for low-income households and commercial space that will be leased to El Centro for a child care facility.

ECR was formed to raise the economic, educational and social levels of the Chicano/Latino and low-income communities of South Seattle, King County and the State of Washington. ECR fosters and promotes community-wide interest and concern for the problems that exist within these communities with the goal of expanding educational and economic opportunities; lessening sickness, poverty, crime and environmental degradation; and the elimination of racial tensions, prejudice and discrimination. ECR was organized and is operated exclusively for the benefit of and to carry out the purposes of El Centro.

El Centro is the controlling entity of the North Beacon Hill Housing Initiative Association (NBHHIA). NBHHIA is a Washington nonprofit corporation whose objective is to provide assistance to low-income persons by developing, operating and maintaining housing units in the Beacon Hill area of Seattle, Washington.

NBHHIA owns El Patio Apartments, a 14-unit low-income housing complex whose primary apartment sizes vary from one to four bedrooms and the building also contains a private on-site parking garage, individual storage units, two laundry rooms, and a community room that is available for the tenant's convenience.

El Patio Apartments is operated under the oversight of El Centro and provides housing affordable to households having incomes not more than 50 percent of the median income level of households in the State of Washington.

PRM provides affordable housing to families that have overcome adversities such as homelessness, difficulties with steady employment, and language barriers. A vast majority of the population served are Latino families. Renters also enjoy the convenience of having El Centro de la Raza's main building two blocks from the complex. This provides great accessibility to all of the social and community services that El Centro de la Raza offers to the Latino population.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These financial statements include the activity of El Centro de la Raza, ECR, North Beacon Hill Housing Initiative Association, ECDLR Community Development LLC and PRM Manager LLC (together the Organization). Transactions and accounts between entities have been eliminated in consolidation. The investor member of PRM has substantive participating rights in operations and therefore consolidation is not required. ECR does not have control of HP MM LLC. These investments are accounted for by the equity method whereby the percent interest of the limited liability company is reflected in these financial statements.

Basis of financial presentation

In accordance with generally accepted accounting principles, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

New Accounting Pronouncements – ASU 2016-14

During the year ended December 31, 2018, the Organization adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of the Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions), expands reporting of expenses by nature and function, and requires qualitative and quantitative disclosures about the Organization's liquidity and availability. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated for investment by the Board of Directors.

At times, cash deposits, including amounts held in reserves, exceed the federally insured limits of the financial institution and expose the Organization to credit risk. At December 31, 2018, the Organization's deposits were \$2,576,748 over the federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounts receivable

Accounts receivable are stated at unpaid balances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has deemed all amounts to be collectible at December 31, 2018 and 2017.

Government contracts and grants

The Organization recognizes revenue from cost-reimbursable contracts when eligible costs are incurred. Revenue from performance-based contracts is recognized when performance is completed. When the contract revenue recognized exceeds cash advances received, a receivable is recorded. When cash advances exceed the contract revenue recognized, a liability, deferred revenue, is recorded.

Restricted and unrestricted revenue and support

Donor-restricted contributions are reported as increases in net assets with donor 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 as net assets released from donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for operating and capital reserves.

Property, equipment and building improvements

Property, equipment and building improvements purchased by the Organization are stated at cost. Assets costing more than \$1,000 with an estimated useful life of greater than one year are capitalized. Replacements and major repairs are expensed.

Depreciation is provided on the straight-line method over the assets' estimated useful lives as follows:

	<u>Years</u>
Buildings and improvements	5 - 27.5
Land improvements	27.5
Furniture and equipment	5 - 10
Building improvements (formerly leased)	15

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Impairment

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2018 or 2017.

Functional expense classification and allocation

Expenses are classified in the accompanying statements of functional expenses according to whether they relate to program or supporting services. Supporting services include management and general expenses, fundraising expenses and rental of excess capacity. Rental of excess capacity represents the expense of maintaining space available for rental to others. Program service expenses are grouped into the following categories:

- Child Development Center
- Food Bank, Referral, Advocacy and Counseling
- Home Ownership Education
- Other Projects
- Roberto Maestas Plaza
- ECR Housing and
- North Beacon Hill Housing Initiative Association (NBHHIA) Housing.

Payroll related expenses are allocated based on the time worked by the employees. Most expenses are directly assigned based on which program is incurring the expense. The costs of occupying and maintaining the building have been allocated among programs and supporting services on the basis of square footage.

Donated food, services, property and equipment

Donated food, property and equipment that meet the requirements for recognition in the financial statements are recorded at their fair market value as of the date of the donation, while donated services meeting those requirements are recorded at their estimated values. The estimated fair market value of donated food is calculated using per pound rates obtained from food banks donating the food or USDA value tables for USDA food commodities. The fair market value and estimated values of donated food and services, if any, are reported as both support and expense in the accompanying statements of activities.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Loan fees

Unamortized loan fees are reported on the statement of financial position as a direct deduction from the face of the notes payable (see Note 10) and are amortized over the term of the underlying note using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of loan fees is included with interest expense in financial expenses in the statement of activities.

Income tax

El Centro, ECR and NBHHA are Washington nonprofit corporations, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. They qualify for the charitable contribution deduction and have been classified as organizations that are not private foundations under Section 509(a) of the Internal Revenue Code. The Organization's income tax filings are subject to examination by various taxing authorities.

ECDLR Community Development LLC and PRM Manager LLC are disregarded entities for tax purposes.

The Organization follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification Subtopic 740-10, *Income Taxes*. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of estimates

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

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with El Centro's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the balance sheet date without donor or other restrictions limiting their use are as follows:

Cash and cash equivalents	\$ 1,064,427
Tenant receivables	201
Current grants, contracts, and other receivables	<u>1,146,400</u>
	<u>\$ 2,211,028</u>

The Organization seeks to maintain enough cash on hand to cover six months of operating expenditures. In addition, the board can re-designate the board designated net assets described in Note 7 as additional cash flow is required. The Organization also has access to the lines of credit described in Note 8. Of the financial assets listed above, \$209,376 is associated with three properties owned by the Organization. The properties also have lender and/or board-designated replacement and operating reserves that can be made available for capital repairs and operating deficits as described in Note 6.

NOTE 4 - ARTWORK

El Centro owns various historical and cultural pieces of artwork which were recorded at cost or their estimated value at the time of acquisition or donation.

NOTE 5 - UNEMPLOYMENT TRUST FUND

Other assets include the balance of a trust fund maintained for the payment of future unemployment claims owed to terminated employees. Contributions to the trust fund are calculated, and the trust assets are managed, by a third party.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 6 - RESERVES

ECR

The loan agreements with the City of Seattle require that replacement reserve accounts be maintained by ECR to be used solely for replacement of building components at the Shelton and Ferdinand properties. The replacement reserve accounts must be maintained in separate interest bearing accounts. ECR must make an annual deposit of \$1,300 for the Shelton Street house and \$850 for the Ferdinand Street house in January of each year until the loans to the City are repaid. In addition, each property is to establish an operating reserve, if operating income permits, by depositing annually into a separate interest bearing account, \$148 for the Shelton Street property and \$106 for the Ferdinand property.

Activity in the reserves was as follows:

	<u>Ferdinand</u>	<u>Shelton</u>	<u>Total</u>
Balance, January 1, 2018	\$ 34,494	\$ 26,996	\$ 61,490
Replacement reserve deposits:			
Shelton	-	2,000	2,000
Ferdinand	2,000	-	2,000
Reserve draws	(17,187)	(15,071)	(32,258)
Interest earned for 2018	6	4	10
Balance, December 31, 2018	<u>\$ 19,313</u>	<u>\$ 13,929</u>	<u>\$ 33,242</u>

	<u>Ferdinand</u>	<u>Shelton</u>	<u>Total</u>
Balance, January 1, 2017	\$ 35,117	\$ 34,499	\$ 69,616
Replacement reserve deposits:			
Shelton	-	1,800	1,800
Ferdinand	1,200	-	1,200
Reserve draws	(1,833)	(9,312)	(11,145)
Interest earned for 2017	10	9	19
Balance, December 31, 2017	<u>\$ 34,494</u>	<u>\$ 26,996</u>	<u>\$ 61,490</u>

NBHHIA

NBHHIA is required to fund a replacement reserve annually with minimum annual deposits of \$6,300 per year, increasing 3.5 percent each year (\$6,728 in 2018).

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 81,236	\$ 88,915
Deposits	8,000	19,500
Withdrawals	-	(27,204)
Interest	24	25
Ending balance	<u>\$ 89,260</u>	<u>\$ 81,236</u>

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 6 - RESERVES, CONTINUED

NBHHIA is required to fund an operating reserve annually with minimum annual deposits of \$2,000 until the balance of \$56,311 is obtained.

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 56,319	\$ 56,302
Deposits	2,000	-
Interest	<u>16</u>	<u>17</u>
Ending balance	<u>\$ 58,335</u>	<u>\$ 56,319</u>

ECDLR Community Development LLC

ECDLR Community Development LLC reserves consist of an escrow account required by the loan with Washington Community Reinvestment Association. The balance at December 31, 2018 and 2017 was \$50,465 and \$111,140, respectively. In addition, in 2017, the LLC established a replacement reserve account. The balance in the reserve was \$16,005 and \$8,001 at December 31, 2018 and 2017, respectively.

NOTE 7 – BOARD DESIGNATED NET ASSETS

The Board of Directors determined that certain funds will be set aside for long-term purposes. The designated funds, including interest earned, consist of certificates of deposit and savings accounts; they are presented under the other assets caption in the statement of financial position.

Changes in net assets of the board-designated funds consist of the following for the years ended December 31, 2018 and 2017:

	<u>Land Purchase</u>	<u>Operating Reserves</u>	<u>Property Development</u>	<u>Totals</u>
Balance January 1, 2017	\$ -	\$ -	\$ 705,347	\$ 705,347
Interest	-	-	2,530	2,530
Transfer to designated	-	-	<u>87,765</u>	<u>87,765</u>
Balance December 31, 2017	-	-	707,877	707,877
Deposits	536,517	1,816,745	-	2,353,262
Interest	-	-	<u>2,646</u>	<u>2,646</u>
Balance December 31, 2018	<u>\$ 536,517</u>	<u>\$ 1,816,745</u>	<u>\$ 710,523</u>	<u>\$ 3,063,785</u>

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 8 - LINE OF CREDIT

El Centro has a line of credit with a bank with a limit of \$250,000. The line of credit bears interest at a variable rate equal to the Wall Street Journal Prime Rate (5.50 percent at December 31, 2018). A savings account at the bank was pledged as security. The Organization has another line of credit with a limit of \$500,000 and a floating interest rate with a minimum of five percent on an actual/360 simple interest basis. These lines of credit had no balance outstanding at December 31, 2018.

NOTE 9 - DONATED SERVICES

El Centro received donated services for food bank administration, education and cultural exchange programs, senior services programs and its child development center that do not meet the recognition requirements for presentation in the financial statements. Approximately 12,559 and 24,846 hours were contributed by volunteers during 2018 and 2017, respectively. Such donated services were not recognized in the financial statements since they do not meet the criteria for recognition.

NOTE 10 - NOTES PAYABLE

Interest has not been imputed on the notes payable that carry below-market rate interest as they are payable to governmental entities or carry legal restrictions. The restrictions require the Organization to use the property for low-income housing.

The notes payable at December 31, were:

	2018	2017
<u>ECR</u>		
Note payable to Union Bank for \$166,860; to refinance debt incurred with purchase of mixed-use property in 1999; monthly payments of principal and interest at 6.5% due until maturity on August 15, 2018; secured by deed of trust, assignment of rents and security agreement on the property	\$ -	\$ 15,277

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
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NOTE 10 - NOTES PAYABLE, CONTINUED

	2018	2017
<u>NBHHIA</u>		
Note payable to the State of Washington Department of Commerce for \$508,539; annual installments of \$18,228, including interest at 1.5%; payments have been suspended by the lender; matures December 31, 2045; collateralized by deeds of trust on the property	\$ 437,765	\$ 437,765
Note payable to the City of Seattle for \$1,233,467; bears interest at 1%; principal and accrued interest due upon maturity at November 2033; collateralized by deeds of trust on the property; interest payable was \$111,409 and \$99,174, respectively	1,223,467	1,223,467
Note payable to Impact Capital for \$1,650,000; bears interest at 6.5%; monthly payments of accrued interest only beginning October 1, 2016; principal due upon maturity at September 2020; collateralized by deeds of trust on the property – converted to a deferred loan in 2018	-	633,276
<u>ECDLR Community Development LLC</u>		
Note payable to Washington Community Reinvestment Association, for \$2,000,000; bears interest at 6.5%; payments of principal and accrued interest starting December 1, 2016 until maturity, November 1, 2031; secured by deed of trust on the related real estate	1,951,736	1,975,716
	3,612,968	4,285,501
Less unamortized debt issuance costs	(44,212)	(47,925)
Notes payable less unamortized issuance costs	\$ 3,568,756	\$ 4,237,576

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
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NOTE 10 - NOTES PAYABLE, CONTINUED

Aggregate maturities of notes payable, excluding debt issuance costs, for the next five years and thereafter are as follows:

2019	\$	126,109
2020		124,396
2021		122,567
2022		120,617
2023		118,535
Thereafter		<u>3,000,744</u>
	\$	<u><u>3,612,968</u></u>

NOTE 11 - DEFERRED LOANS - CITY OF SEATTLE

ECR

During 1991, ECR received funding from the City of Seattle through two long-term loans for the purpose of purchasing and renovating residential property to provide low-income housing. The loans bear simple interest at one percent per annum and are secured by deeds of trust on the properties. The loans mature in 40 years and have an option to extend maturity for an additional 35 years. No interest or principal payment is required until maturity. Terms of the loan are such that if ECR remains in compliance with all covenants for the term of the loans, accrued interest will be forgiven beginning in 2012 at the rate of five percent of the total liability each year and all principal and remaining accrued interest will be forgiven on the 75th anniversary of the date of the note. Interest forgiven was \$624 and \$656 for 2018 and 2017, respectively.

The loan and deferred interest balances at December 31, 2018, for ECR were as follows:

	<u>Ferdinand</u>	<u>Shelton</u>	<u>Total</u>
Principal amount of loan	\$ 29,223	\$ 55,131	\$ 84,354
Deferred interest	<u>4,117</u>	<u>7,732</u>	<u>11,849</u>
	<u>\$ 33,340</u>	<u>\$ 62,863</u>	<u>\$ 96,203</u>

The loan and deferred interest balances at December 31, 2017, for ECR were as follows:

	<u>Ferdinand</u>	<u>Shelton</u>	<u>Total</u>
Principal amount of loan	\$ 29,223	\$ 55,131	\$ 84,354
Deferred interest	<u>4,334</u>	<u>8,139</u>	<u>12,473</u>
	<u>\$ 33,557</u>	<u>\$ 63,270</u>	<u>\$ 96,827</u>

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 11 - DEFERRED LOANS - CITY OF SEATTLE, CONTINUED

El Centro

El Centro owes the City of Seattle for funds received under three interest-free notes payable for the purpose of purchasing and improving the property which it currently occupies. Contingent interest as defined in the loan agreements may apply. If El Centro complies with the terms and conditions of the loans, the loans will be forgiven at maturity. Loan documents require that at least 51 percent of persons served at the property must be low to moderate income during the compliance period, which generally ends on the maturity date of the loan.

The El Centro loans from the City of Seattle were as follows at December 31:

	2018	2017
Note dated July 14, 1999, original amount of \$625,000; matures June 30, 2020; secured by a second deed of trust	\$ 625,000	\$ 625,000
Note dated June 7, 2005, original amount of \$225,300; matures December 31, 2020; deed of trust securing first note was amended to include this note	225,300	225,300
Note dated May 5, 2009, original amount of \$285,115; matures September 30, 2024; secured by a deed of trust	285,115	285,115
	\$ 1,135,415	\$ 1,135,415

NBHHIA

NBHHIA owes the State of Washington Department of Commerce for \$737,000 of funds received under an interest-free note payable for the purpose of improving the property which it currently occupies. Contingent interest as defined in the loan agreements may apply. If NBHHIA complies with the terms and conditions of the loans, the loans will be forgiven at maturity in December 2045. Loan documents require that all persons served at the property must have an income at or below 50% of the median income for the county during the compliance period, which ends on the maturity date of the loan. The loan is recorded net of unamortized loan fees of \$14,740.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 12 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following program purposes:

	<u>2018</u>	<u>2017</u>
Purpose restricted only:		
Education	\$ 65,000	\$ 86,083
Health matters	90,448	55,378
Financial empowerment	83,065	20,000
Plaza Roberto Maestas	30,821	67,822
Digital inclusion	55,000	-
Food bank	5,000	20,000
Other	<u>17,638</u>	<u>60,691</u>
	346,971	309,974
Time restricted only	<u>237,815</u>	<u>100,000</u>
	<u>\$ 584,786</u>	<u>\$ 409,974</u>

NOTE 13 - PENSION PLAN

The Organization has a defined contribution pension plan for all employees with one year or more of service. The Organization contributes five percent of an eligible employee's salary into either a fixed income account or common stock account as designated by the employee. Employees become fully vested after four years of employment. Total pension expense was \$174,675 and \$157,913 for the years ended December 31, 2018 and 2017, respectively.

NOTE 14 - LEASES

Operating leases

El Centro has entered into an agreement to lease childcare space for a 15-year period through December 2031. This is a related party lease as the lessor is Hirabayashi Place, LLC. Lease expense incurred under this agreement was \$25,500 for 2018 and is included in occupancy expense.

El Centro has also entered into agreements to lease office and other equipment through December 2023. Rental expense incurred under equipment leases was \$49,684 and \$42,832 for 2018 and 2017, respectively and is included in equipment rental and maintenance expense.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 14 - LEASES, CONTINUED

The future minimum lease payments under the operating leases are as follows:

2019	\$	61,000
2020		61,520
2021		50,777
2022		32,805
2023		31,668
Thereafter		<u>246,478</u>
	\$	<u>475,531</u>

Commercial leases

El Centro as lessor has entered into leases with various businesses for the use of commercial space. Rental revenue, including amounts charged for one time use of space, was \$174,538 and \$142,277 in 2018 and 2017, respectively. The future minimum lease revenue under the leases is \$98,484 at December 31, 2018.

ECDLR as lessor has entered into leases with various businesses for the use of commercial space. Rental revenue was \$435,084 and \$259,109 in 2018 and 2017, respectively including the revenue from the long-term leases described below. The future minimum lease payments under the operating leases are as follows:

2019	\$	66,730
2020		68,732
2021		72,526
2022		<u>13,795</u>
	\$	<u>221,783</u>

Long-term leases

ECDLR as lessor entered into two lease agreements for office space during 2016. One-time payments totaling \$2,750,000 were received during 2016. Rental income recognized during 2018 and 2017 was \$107,500. Deferred revenue at December 31, 2018 and 2017 was \$2,500,833 and \$2,608,333, respectively.

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

NOTE 15 - COMMITMENTS AND CONTINGENCIES

As discussed in Notes 10 and 11, the Organization has agreed to significant restrictions on the use of land and buildings in accordance with financing agreements.

A substantial portion of the public support of the Organization is derived from grants and contracts administered by various federal, state and local government agencies. Support from these grants and contracts is subject to audit, which could result in reimbursement to the grantor agencies.

NOTE 16 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	2018	2017
Receivable in less than one year	\$ 20,463	\$ 40,633
Receivable in one to five years	10,358	27,189
Discount at 3%	(311)	(816)
Total contributions receivable	\$ 30,510	\$ 67,006

Management has deemed all amounts to be collectible, therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2018 and 2017.

NOTE 17 - NOTES RECEIVABLE - RELATED PARTY

El Centro held the following notes receivable at December 31, 2018:

Due From	Dated	Maturity Date	Interest Rate	Face Amount	Balance
Plaza Roberto Maestas LLC	04/09/2015	08/30/2066	5.75%	2,716,000	\$2,662,600
Plaza Roberto Maestas LLC	04/09/2015	08/30/2066	5.75%	1,289,416	805,811
					\$3,468,411

El Centro held the following notes receivable at December 31, 2017:

Due From	Dated	Maturity Date	Interest Rate	Face Amount	Balance
Plaza Roberto Maestas LLC	04/09/2015	08/30/2066	5.75%	2,716,000	2,662,600
Plaza Roberto Maestas LLC	04/09/2015	08/30/2066	5.75%	1,289,416	805,811
					\$3,495,411

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Consolidated Financial Statements
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(With Comparative Totals for 2017)

NOTE 17 - NOTES RECEIVABLE - RELATED PARTY, CONTINUED

Payments of principal are due on the maturity date of the note. Notes receivable are evaluated individually for impairment and collectability. At December 31, 2018, management considers all notes fully collectible and none are considered impaired. Management uses prior payment history as a credit quality indicator for each note receivable. Each note is current and performing in accordance to its terms. Management considers all notes receivable to have an acceptable credit quality at December 31, 2018. Interest receivable was \$752,545 and \$550,007 at December 31, 2018 and 2017, respectively.

NOTE 18 - RELATED PARTY TRANSACTIONS

As of December 31, 2018 and 2017, PRM Manager LLC has made capital contributions of \$500,000 to PRM LLC.

In connection with the development of PRM LLC, El Centro earned a development fee of \$1,004,190. The fee is payable pursuant to the cash flow priorities as defined in the PRM LLC amended and restated operating agreement. The development fee was paid in full as of December 31, 2017.

NOTE 19 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 28, 2019, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

SUPPLEMENTARY INFORMATION

EL CENTRO DE LA RAZA AND AFFILIATES
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Grantor Number	Amounts Awarded to Subrecipients	Expenditures
Aging Cluster				
US Department of Health and Human Services				
Pass-Through Programs From:				
City of Seattle, Human Services Department				
Special Programs for the Aging: Title III, Part C - Nutrition Services	93.045	DA12-1537	\$ -	\$ 50,820
Nutrition Services Incentive Program	93.053	DA12-1537	-	6,770
Total Aging Cluster			-	57,590
Other Programs				
US Department of Agriculture				
Pass-Through Programs From:				
State of Washington, Office of Superintendent of Public Instruction				
Child and Adult Care Food Program	10.558	17-01-0271 2012	-	154,322
Food Lifeline				
Emergency Food Assistance Program (Food Commodities)	10.569	None	-	27,840
Total Department of Agriculture			-	182,162
US Department of Housing and Urban Development				
Direct Programs				
Supportive Housing Program				
Continuum of Care (CoC) Homeless Assistance Program	14.267	None	-	19,183
Section 4 Capacity Building Grants	14.252	None	-	3,319
Pass-Through Programs From:				
City of Seattle Department of Human Services				
Community Development Block Grant/Entitlement Grants				
Old Beacon Hill School Acquisition	14.218	DL 99-R5479	-	625,000
El Centro New Heating/Hot Water Boiler System	14.218	DL 04-1569	-	202,771
Electrical Rehabilitation	14.218	DL 08-1528	-	285,115
			-	1,112,886

EL CENTRO DE LA RAZA AND AFFILIATES
Schedule of Expenditures of Federal Awards, Continued
For the Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Grantor Number	Amounts Awarded to Subrecipients	Expenditures
Other Programs, Continued				
National Council of La Raza				
Housing Counseling Assistance Program	14.169	None	\$ -	\$ 25,000
Total US Department of Housing and Urban Development			-	<u>1,137,886</u>
Environmental Protection Agency Office of Environmental Justice				
Direct Programs				
Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program	66.306	01J27101	-	40,978
Total Environmental Protection Agency Office of Environmental Justice			-	<u>40,978</u>
Department of Education Office of Student Financial Assistance Programs				
Pass-Through Programs From:				
Seattle University				
Federal Work-Study Program	84.033	FWS-CS 2011	-	19,298
Total Department of Education Office of Student Financial Assistance Programs			-	<u>19,298</u>

EL CENTRO DE LA RAZA AND AFFILIATES
Schedule of Expenditures of Federal Awards, Continued
For the Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Grantor Number	Amounts Awarded to Subrecipients	Expenditures
Other Programs, Continued				
US Department of Health and Human Services				
Direct Programs				
Centers for Disease Control and Prevention_Investigations and Technical Assistance National State Based Tobacco Control Programs	93.283	None	\$ -	\$ 18,562
Pass-Through Programs From:				
Washington State Department of Health				
National State Based Tobacco Control Programs	93.305	N21524	-	26,978
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	N21524	-	10,000
Washington Department of Commerce Community Services Block Grant	93.569	F12-32100-011	-	151,882
Total US Department of Health and Human Services			<u>-</u>	<u>207,422</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,645,336</u>

EL CENTRO DE LA RAZA AND AFFILIATES
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of El Centro de la Raza and Affiliates (the Organization), under programs of the federal government for the year ended December 31, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B - 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. El Centro has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Organization provided none of the federal awards to subrecipients.

NOTE D - LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

El Centro has signed the following notes payable with funds passed through from the U.S. Department of Housing and Urban Development. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2018, consisted of:

<u>Loan Number</u>	<u>CFDA</u>	<u>Purpose</u>	<u>Maturity Date</u>	<u>Outstanding Balance</u>
DL-99-R5479	14.218	Building acquisition	6-30-20	\$ 625,000
DL-04-1509	14.218	Boiler system (Federal portion)	12-31-20	202,771
DL-08-1528	14.218	Electrical rehabilitation	9-30-24	285,115
Total Loans With Continuing Compliance Requirements				<u>\$ 1,112,886</u>



INDEPENDENT AUDITOR'S 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
El Centro de la Raza and Affiliates
Seattle, Washington

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 El Centro de la Raza and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated 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, and have issued our report thereon dated June 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

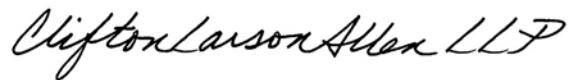
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Bellevue, Washington
June 28, 2019



CliftonLarsonAllen LLP
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
El Centro de la Raza and Affiliates
Seattle, Washington

Report on Compliance for Each Major Federal Program

We have audited El Centro de la Raza and Affiliates' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

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 federal program for the year ended December 31, 2018.

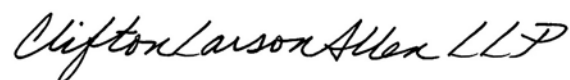
Report on Internal Control Over Compliance

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



CliftonLarsonAllen LLP

Bellevue, Washington
June 28, 2019

EL CENTRO DE LA RAZA AND AFFILIATES
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. *Financial Statements*

The auditor's report expresses an unmodified opinion on the consolidated financial statements of El Centro de la Raza and Affiliates.

Internal control over financial reporting:

Material weaknesses identified: _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses: _____ Yes X None reported

Noncompliance material to financial statements noted: _____ Yes X No

2. *Federal Awards*

Internal control over major programs:

Material weaknesses identified: _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses: _____ Yes X None reported

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

4. The program tested as major programs was:

<u>CFDA</u>	<u>Name of Federal program</u>	<u>Compliance Opinion</u>
#14.218	Community Development Block Grants	Unmodified

5. The threshold for distinguishing type A and B programs was \$750,000.

6. El Centro de la Raza and Affiliates was determined to be a low-risk auditee.

EL CENTRO DE LA RAZA AND AFFILIATES
Schedule of Findings and Questioned Costs, Continued
For the Year Ended December 31, 2018

B. FINDINGS - FINANCIAL STATEMENTS AUDIT - None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT - None

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Financial Position
December 31, 2018

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 941,255	\$ 2,654	\$ 72,891	\$ 47,627			\$ 1,064,427
Grants and contracts receivable	886,838	18,649					905,487
Contributions receivable, current	20,463						20,463
Other receivables	173,358	-	102	67,453			240,913
Tenant security deposits		2,203	6,251	14,050			22,504
Tenant receivables			-	26,742		\$ (26,541)	201
Prepaid expenses	23,884		1,369	6,347			31,600
Notes receivable - related party, current							-
Due from affiliated organizations	140,551					(140,551)	-
TOTAL	<u>2,186,349</u>	<u>23,506</u>	<u>80,613</u>	<u>162,219</u>		<u>(167,092)</u>	<u>2,285,595</u>
PROPERTY AND EQUIPMENT							
Land and improvements	821,225	189,970	211,899				1,223,094
Buildings and improvements	7,387,678	483,038	3,234,525	6,615,471			17,720,712
Furniture and equipment	534,488		60,691	186,164			781,343
Accumulated depreciation	(3,714,216)	(458,860)	(1,567,511)	(513,995)			(6,254,582)
TOTAL	<u>5,029,175</u>	<u>214,148</u>	<u>1,939,604</u>	<u>6,287,640</u>			<u>13,470,567</u>
OTHER ASSETS							
Reserves and restricted deposits	3,063,785	33,242	147,595	66,470			3,311,092
Contributions receivable, long-term	10,047						10,047
Accrued interest receivable - related party	752,545						752,545
Notes receivable - related party, long-term	3,468,411						3,468,411
Investment in limited liability companies	2,498,783				\$ 499,682	(2,498,783)	499,682
Artwork	395,365						395,365
Unemployment trust fund	144,341			-			144,341
TOTAL	<u>10,333,277</u>	<u>33,242</u>	<u>147,595</u>	<u>66,470</u>	<u>499,682</u>	<u>(2,498,783)</u>	<u>8,581,483</u>
TOTAL ASSETS	<u>\$ 17,548,801</u>	<u>\$ 270,896</u>	<u>\$ 2,167,812</u>	<u>\$ 6,516,329</u>	<u>\$ 499,682</u>	<u>\$ (2,665,875)</u>	<u>\$ 24,337,645</u>

See independent auditor's report.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Financial Position, Continued
December 31, 2018

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	\$ 202,759	\$ 6,477	\$ 6,637	\$ 117		\$ (26,541)	\$ 189,449
Construction accounts payable				30,209			30,209
Accrued liabilities	480,515	67	878				481,458
Accrued interest payable				10,702			10,702
Tenant deposits	682	3,732	6,403	18,756			29,573
Deferred rent			4,515				4,515
Due to affiliated organizations		61,682	2,934	75,933		(140,551)	-
Notes payable, current				126,109			126,109
Deferred revenue	9,263	3,452		23,290			36,005
TOTAL	<u>693,219</u>	<u>75,410</u>	<u>21,367</u>	<u>285,116</u>		<u>(167,092)</u>	<u>908,020</u>
LONG-TERM LIABILITIES							
Notes payable less unamortized debt issuance costs			1,661,232	1,781,415			3,442,647
Deferred revenue				2,500,833			2,500,833
Deferred loans	1,135,415	84,354	722,260				1,942,029
Deferred interest		11,849	112,914	-			124,763
TOTAL	<u>1,135,415</u>	<u>96,203</u>	<u>2,496,406</u>	<u>4,282,248</u>			<u>8,010,272</u>
TOTAL LIABILITIES	<u>1,828,634</u>	<u>171,613</u>	<u>2,517,773</u>	<u>4,567,364</u>		<u>(167,092)</u>	<u>8,918,292</u>
NET ASSETS							
Undesignated net assets without donor restriction	12,071,596	99,283	(349,961)	1,948,965	\$ 499,682	(2,498,783)	11,770,782
Board designated net assets	3,063,785						3,063,785
TOTAL NET ASSETS WITHOUT DONOR RESTRICTION	15,135,381	99,283	(349,961)	1,948,965	499,682	(2,498,783)	14,834,567
Net assets with donor restriction	584,786						584,786
TOTAL NET ASSETS	<u>15,720,167</u>	<u>99,283</u>	<u>(349,961)</u>	<u>1,948,965</u>	<u>499,682</u>	<u>(2,498,783)</u>	<u>15,419,353</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,548,801</u>	<u>\$ 270,896</u>	<u>\$ 2,167,812</u>	<u>\$ 6,516,329</u>	<u>\$ 499,682</u>	<u>\$ (2,665,875)</u>	<u>\$ 24,337,645</u>

See independent auditor's report.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Financial Position
December 31, 2017

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 3,047,456	\$ (2,177)	\$ 57,203	\$ 67,525			\$ 3,170,007
Grants and contracts receivable	569,112	12,005					581,117
Contributions receivable, current	40,633						40,633
Other receivables	161,399	-	-	29,445			190,844
Tenant security deposits		2,202	6,251	14,043			22,496
Tenant receivables			1,061	200			1,261
Prepaid expenses	19,558		1,653	2,491			23,702
Due from affiliated organizations	221,965					\$ (221,965)	-
TOTAL	<u>4,060,123</u>	<u>12,030</u>	<u>66,168</u>	<u>113,704</u>		<u>(221,965)</u>	<u>4,030,060</u>
PROPERTY AND EQUIPMENT							
Land and improvements	821,225	189,970	211,899				1,223,094
Buildings and improvements	7,298,247	475,370	3,234,525	6,607,300			17,615,442
Furniture and equipment	423,218		60,691	186,164			670,073
Accumulated depreciation	<u>(3,334,944)</u>	<u>(446,330)</u>	<u>(1,441,519)</u>	<u>(309,680)</u>			<u>(5,532,473)</u>
TOTAL	<u>5,207,746</u>	<u>219,010</u>	<u>2,065,596</u>	<u>6,483,784</u>			<u>13,976,136</u>
OTHER ASSETS							
Reserves and restricted deposits	707,877	61,490	137,555	119,141			1,026,063
Contributions receivable, long-term	26,373						26,373
Accrued interest receivable - related party	550,007						550,007
Notes receivable - related party, long-term	3,495,411						3,495,411
Developer fee receivable							-
Investment in limited liability companies	2,604,711				\$ 499,785	(2,604,711)	499,785
Artwork	395,365						395,365
Unemployment trust fund	133,116						133,116
TOTAL	<u>7,912,860</u>	<u>61,490</u>	<u>137,555</u>	<u>119,141</u>	<u>499,785</u>	<u>(2,604,711)</u>	<u>6,126,120</u>
TOTAL ASSETS	<u>\$ 17,180,729</u>	<u>\$ 292,530</u>	<u>\$ 2,269,319</u>	<u>\$ 6,716,629</u>	<u>\$ 499,785</u>	<u>\$ (2,826,676)</u>	<u>\$ 24,132,316</u>

See independent auditor's report.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Financial Position, Continued
December 31, 2017

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	\$ 163,759	\$ 15,190	\$ 20,560	\$ 7,691			\$ 207,200
Construction accounts payable				16,836			16,836
Accrued liabilities	518,788	2,451	1,679				522,918
Accrued interest payable				10,824			10,824
Tenant deposits	472	3,775	6,103	16,366			26,716
Deferred rent			4,515				4,515
Due to affiliated organizations		39,655	71,086	111,224		\$ (221,965)	-
Notes payable, current		15,109		127,715			142,824
Deferred revenue	4,376	3,452		18,295			26,123
TOTAL	<u>687,395</u>	<u>79,632</u>	<u>103,943</u>	<u>308,951</u>		<u>(221,965)</u>	<u>957,956</u>
LONG-TERM LIABILITIES							
Notes payable less unamortized debt issuance costs	-	-	2,294,508	1,800,244			4,094,752
Deferred revenue				2,608,333			2,608,333
Deferred loans	1,135,415	84,354					1,219,769
Deferred interest		12,473	100,679	-			113,152
TOTAL	<u>1,135,415</u>	<u>96,827</u>	<u>2,395,187</u>	<u>4,408,577</u>			<u>8,036,006</u>
TOTAL LIABILITIES	<u>1,822,810</u>	<u>176,459</u>	<u>2,499,130</u>	<u>4,717,528</u>		<u>(221,965)</u>	<u>8,993,962</u>
NET ASSETS							
Undesignated net assets without donor restriction	14,240,068	116,071	(229,811)	1,999,101	\$ 499,785	(2,604,711)	14,020,503
Board designated net assets	<u>707,877</u>						<u>707,877</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTION	14,947,945	116,071	(229,811)	1,999,101	499,785	(2,604,711)	14,728,380
Net assets with donor restriction	409,974						409,974
TOTAL NET ASSETS	<u>15,357,919</u>	<u>116,071</u>	<u>(229,811)</u>	<u>1,999,101</u>	<u>499,785</u>	<u>(2,604,711)</u>	<u>15,138,354</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,180,729</u>	<u>\$ 292,530</u>	<u>\$ 2,269,319</u>	<u>\$ 6,716,629</u>	<u>\$ 499,785</u>	<u>\$ (2,826,676)</u>	<u>\$ 24,132,316</u>

See independent auditor's report.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
REVENUES AND GAINS							
In-kind donations	\$ 665,559						\$ 665,559
Contributions and grants	908,734		\$ -	\$ 349			909,083
Contracts and grants - government	3,488,359	\$ 32,557	-				3,520,916
United Way	615,212						615,212
Child care tuition	2,834,755						2,834,755
Rental income	174,538	35,235	145,324	435,084		\$ (172,522)	617,659
Realized gain (loss) on investments	(109,373)				\$ (103)	105,928	(3,548)
Special event revenue of \$381,284, net of expense of \$157,815	223,469						223,469
Tenant charges			4,300				4,300
Interest income	206,469		42	281			206,792
Management fees	19,555					(6,124)	13,431
Forgiven debt	-	624					624
Developer fee							-
Other revenue	235,526	2,612		17,840		(159,251)	96,727
TOTAL	<u>9,262,803</u>	<u>71,028</u>	<u>149,666</u>	<u>453,554</u>	<u>(103)</u>	<u>(231,969)</u>	<u>9,704,979</u>

See independent auditor's report.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Activities and Changes in Net Assets, Continued
For the Year Ended December 31, 2018

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
EXPENSES AND LOSSES							
Program services:							
Child Development Center	\$ 3,948,022					\$ (331,773)	\$ 3,616,249
Food bank, referral, advocacy and counseling	2,557,388						2,557,388
Home ownership education	226,467						226,467
Other projects	200,556						200,556
Roberto Maestas Plaza	187,124						187,124
ECR housing		\$ 87,816				(2,895)	84,921
NBHHIA housing			269,816			(3,229)	266,587
Supporting services:							
Management and general	1,082,967						1,082,967
Fundraising	452,182						452,182
Rental of excess capacity	245,849						245,849
ECDLR Community Development				\$ 503,690			503,690
TOTAL EXPENSES AND LOSSES	<u>8,900,555</u>	<u>87,816</u>	<u>269,816</u>	<u>503,690</u>		<u>(337,897)</u>	<u>9,423,980</u>
 CHANGE IN NET ASSETS	 362,248	 (16,788)	 (120,150)	 (50,136)	 \$ (103)	 105,928	 280,999
 NET ASSETS, BEGINNING OF YEAR	 <u>15,357,919</u>	 <u>116,071</u>	 <u>(229,811)</u>	 <u>1,999,101</u>	 <u>499,785</u>	 <u>(2,604,711)</u>	 <u>15,138,354</u>
NET ASSETS, END OF YEAR	<u>\$ 15,720,167</u>	<u>\$ 99,283</u>	<u>\$ (349,961)</u>	<u>\$ 1,948,965</u>	<u>\$ 499,682</u>	<u>\$ (2,498,783)</u>	<u>\$ 15,419,353</u>

See independent auditor's report.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
REVENUES AND GAINS							
In-kind donations	\$ 717,498						\$ 717,498
Contributions and grants	750,480		\$ 41,500	\$ 2,500			794,480
Contracts and grants - government	4,566,155	\$ 29,137	80,688				4,675,980
United Way	608,138						608,138
Child care tuition	2,524,402						2,524,402
Rental income	142,277	46,609	115,039	259,109			563,034
Realized gain (loss) on investments	8,609				\$ (127)	127	8,609
Special event revenue of \$500,580, net of expense of \$172,989	327,591						327,591
Tenant charges			4,533				4,533
Interest income	230,591		43	292			230,926
Management fees	20,596					(6,124)	14,472
Forgiven debt		656					656
Developer fee							-
Other revenue	147,295	1,030		182,661		(159,251)	171,735
TOTAL	<u>10,043,632</u>	<u>77,432</u>	<u>241,803</u>	<u>444,562</u>	<u>(127)</u>	<u>(165,248)</u>	<u>10,642,054</u>

See independent auditor's report.

EL CENTRO DE LA RAZA AND AFFILIATES
Consolidating Statement of Activities and Changes in Net Assets, Continued
For the Year Ended December 31, 2017

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
EXPENSES AND LOSSES							
Program services:							
Child Development Center	\$ 3,663,189					\$ (159,251)	\$ 3,503,938
Food bank, referral, advocacy and counseling	2,482,274						2,482,274
Home ownership education	432,535						432,535
Other projects	147,722						147,722
Roberto Maestas Plaza	82,841						82,841
ECR housing		\$ 102,409				(2,895)	99,514
NBHHIA housing			\$ 304,687			(3,229)	301,458
Supporting services:							
Management and general	1,122,471						1,122,471
Fundraising	412,133						412,133
Rental of excess capacity	226,811						226,811
ECDLR Community Development				\$ 504,560			504,560
TOTAL EXPENSES AND LOSSES	<u>8,569,976</u>	<u>102,409</u>	<u>304,687</u>	<u>504,560</u>		<u>(165,375)</u>	<u>9,316,257</u>
Capital contributions						-	-
CHANGE IN NET ASSETS	1,473,656	(24,977)	(62,884)	(59,998)	(127)	127	1,325,797
NET ASSETS, BEGINNING OF YEAR	<u>13,884,263</u>	<u>141,048</u>	<u>(166,927)</u>	<u>2,059,099</u>	<u>499,912</u>	<u>(2,604,838)</u>	<u>13,812,557</u>
NET ASSETS, END OF YEAR	<u>\$ 15,357,919</u>	<u>\$ 116,071</u>	<u>\$ (229,811)</u>	<u>\$ 1,999,101</u>	<u>\$ 499,785</u>	<u>\$ (2,604,711)</u>	<u>\$ 15,138,354</u>

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