Proposal Application

Attachment A Cover Sheet

Legal name of the organization (or individual) submitting this application:
Chicanos Por La Causa, Inc.

Legal Status of applicant (e.g., non-profit corporation, government entity): nonprofit corporation

Address of Organization: 1525 N. Oracle Rd. Tucson, AZ 85705

Name and Title of contact person for this application: Terry Driscoll, Resource Development Specialist

Telephone number: 480 755 3061	Fax number: N/A

E-mail address: terry.driscoll@cplc.org

Indicate the amount of FEMA EFSP Phase 37 funds you are requesting for each service category. Phase 37 funding will be limited to the following categories. Total your requests at the bottom.
ROUND REQUESTS TO THE NEAREST DOLLAR; REQUEST ONLY WHOLE DOLLAR AMOUNTS.

Served Meals/Mass Feeding	$
Other Food	$
Mass Shelter	$
Other Shelter	$
Rent/Mortgage Assistance*	$ 40,264
Utility Assistance*	$ 22,763
Total Requested	**$ 63,027**

* PLEASE NOTE: ALL LOCAL PROVIDERS FOR EMERGENCY RENT/MORTGAGE AND UTILITY ASSISTANCE MUST UTILIZE PIMA COUNTY'S EMERGENCY SERVICES NETWORK (ESN) TO ENSURE NO DUPLICATION OF ASSISTANCE OCCURS.

To the best of my knowledge and belief, all of the information in this application is true and correct. The document has been authorized by the governing body of the applicant and the applicant will comply with the attached assurances if funding is awarded.

Typed name of Authorized Signature:

Andres Contreras

Authorized Signature:	Date signed:
Andres Contreras	06/04/2020

Attachment B Application Form

I. **Error! Bookmark not defined.**FEMA EFSP FUNDING HISTORY

Phase 37 Request	**$ 63,027**
Phase 36 Received	$ n/a
Phase 35 Received	$ n/a

Note: FEMA funds are intended to be used to supplement or expand existing programs and services.

Describe how the organization intends to use these funds. Will the money requested in this proposal be used to support a service or program that was supported by FEMA funds in the past? If yes, describe below how services have been or will be expanded or supplemented.

Our services have not received FEMA funding for utility and rent/mortgage assistance. FEMA funds from this application will, however, go towards our existing utility and rent/mortgage assistance program. While we could always use more funding as there is always a need for this help in the community and we have had to turn down qualified clients due to limited funds, we anticipate an additional strain on resources arising from the economic impacts of the COVID-19 crisis.

II. ORGANIZATION ELIGIBILITY CRITERIA

1. **Identify the status of the agency**. (Select one)

	Government Agency (public entity)
X	Private Nonprofit (501(c)(3) or 501(c)(4) If your agency has not previously received FEMA funds, **attach** the Federal tax exempt letter to your submission.

2. **Is the agency considered in good standing by the Arizona Corporation Commission?**

Y	N
X	

3. A. Accounting System: Describe the accounting system used by the organization to track grant-funded expenditures and revenues.

CPLC uses computerized accounting software for all of our financial tracking and reporting. The software is a Windows-based, SQL product called Blackbaud, Accounting for Nonprofits.

B. Audit: Does the organization conduct an independent annual audit? (Check one)

X	**Yes**. Indicate below the CPA firm that conducted the organization's most recent financial audit and the time period covered by the audit. • If the agency has not received FEMA funding in the last 5 years, **attach** a copy of the organization's most recent audit to your submission.

Clifton Larson Allen, LLP performed our last audit covering 07/01/2018 to 06/30/2019. Financials are attached.

	No. The organization does not conduct an independent annual audit. • Please **attach** FY2019-20 internal agency budget and year-to-date financial statements to your submission.

4. **Federal Employer Identification Number** (FEIN)	86-0227210
5. **How does your facility assure accessibility for people with physical disabilities**?	Accessible entry, restrooms, parking, etc. Full checklist available upon request.

III. ORGANIZATION TARGET POPULATION

Please indicate the three primary target client populations served by your agency in the list below. Type “1,” “2,” and “3” to identify the top three client populations. If your agency targets no specific population, please select the "NT" code.

	People with substance use disorder		Native Americans		Unaccompanied minors
	Domestic violence victims		People with AIDS/HIV		Veterans
2	Elderly		Racial/Ethnic Minorities		NT (no target population)
1	Families with children		Single men		Other targeted populations (specify below):
	Mentally disabled	3	Single women		

IV. NARRATIVE

Please answer the following questions. Limit answers to the space provided.

1. Give a brief explanation of your organization's ability to coordinate service delivery with other human service providers. Specifically identify the networks, coalitions and collaborative arrangements that your agency maintains.

CPLC has been delivering services in the Tucson community since 1980, has provided emergency assistance to the Tucson area since 1983. CPLC was one of the original social service agencies in Pima County that helped design the Emergency Services Network known as ESN. The ESN system was developed for local agencies to monitor FEMA mortgage/rental payments for clients and avoid misuse of the funds through applying for assistance at more than one agency. The system, which still exists today, has been modified and has integrated the use of modern technology. This provides agencies an efficient system of sharing client resources at a time when resources are becoming increasingly scarce.

CPLC also has received ESG funding, which has a separate network called HMIS that is utilized for the same above reasons.

2. Describe any changes in the magnitude of the current need and/or funding sources experienced during the past year or expected in the next 12 months (for example, number of requests or types of clients).

Requests for rental/mortgage and utility assistance have increased by over 50% during the COVID-19 crisis, and will increase more as moratoriums end. Clients have already been and will continue to be taken by surprise, that their rent/mortgage payments and utility bills were not cancelled altogether, so lump sum payments comprised of several months will be a shock to many who will be expected to make up 3 months at once.

3. Give a brief explanation of how your service(s) will be addressing a gap in existing services available to the community.

Common reasons clients requested rent/mortgage and utility assistance prior to the COVID-19 crisis were unemployment, underemployment, or an unexpected large bill that caused a short-term inability to pay these expenses. These instances will continue, likely exasperated by the negative economic impacts related to COVID-19. And, like discussed above, we anticipate and have already encountered clients experiencing sticker shock from accumulated bills due to unclear communication on how these rent/mortgage moratoriums actually work.

4. Explain any anticipated funding cuts. Identify the funding source anticipated to be reduced and describe any alternative funding sources sought by the organization to make up for these cutbacks.

No funding cuts are anticipated – in fact, we have seen increases in available funding for these services. However, should cutbacks occur, CPLC provides a high level of financial stewardship and has a strong history of utilizing public funds as an anchor around which other resources can be leveraged. In addition, CPLC utilizes revenue from its for-profit ventures to support sustainability of its programs. Our highly experienced, 6-person dedicated Resource Development (grant writing) team will identify and apply to private and public funding sources to meet sustainability needs of the project.

5. Define the geographical area to be served with requested FEMA funds.

CPLC serves all of Pima County. The majority of clients, though, reside in the City of Tucson, the inner-city municipality of South Tucson, towns, and unincorporated Pima County. Most clients reside in Wards 3 and 5, which have lower incomes than the other Wards. The low number of rural clients served is generally because incomes are too high to qualify, and the rural Native populations seek assistance from their own tribes, first. Our offices are located at the comer of Oracle and Drachman, with a bus stop located outside our building.

6. Briefly describe the target population for each service for which you are requesting FEMA EFSP funds.

CPLC's Emergency Services programs target populations who are at-risk, low-income residents in the vicinity of Tucson and Pima County. These residents are predominately Hispanic/Latino and at 80% or below the median household income as determined by HUD. Many of CPLC's current clients are concentrated in areas that correspond to identified "high stress areas," indicated by Census data mapping. Such stress factors include high poverty rates, high unemployment rates, concentrations of unsafe housing, and low rates of educational attainment and homeownership. Our 255 2018-2019 rental assistance applicants AMI breakdown: 136/255 = <30%; 37/255 = 30-49% AMI; 52/255 = 50-79% AMI; 29/255 = 80-100% AMI.

7. Please discuss how your program collaborates with other homeless assistance providers, including those organizations which are part of the Tucson Pima Collaboration to End Homelessness.

CPLC has several collaborations around homelessness or homelessness prevention in Pima County, which include but aren't limited to the following: CPLC refers out to attorneys when needed, such as to So AZ Legal Aid. We will also specifically refer rental clients who faced potentially unlawful evictions to Step up 2 Justice; We refer clients to TPCH for services CPLC cannot provide in-house, such as veteran-specific services, emergency shelter, safe haven, and transitional housing; and, Emergency Solutions Network, who is our funding source for rental and utility assistance, which FEMA funds would complement.

V. BUDGET AND FINANCIAL/SERVICE INFORMATION

Unit of Service/Request

Complete the appropriate table for each category in which funding is requested.

Error! Bookmark not defined.Shelter Category					
	Column A	**Column B**	**Column C**	**Column D**	**Column E**
Shelter Category	FEMA Funds Requested	Per Diem	FEMA-Funded Total Nights	FEMA-Funded Number of Rural Clients	FEMA-Funded Number of Clients Served
Mass Shelter - *Direct Cost*	$	Not applicable			
Mass Shelter - *Per Diem*	$	$12.50			
Other Shelter	$	Not applicable			

GUIDANCE: **Shelter Category**	
Column A	State the amount of FEMA funds you are requesting.
Column B	In past years the local board has selected a $12.50/night per diem rate. ***This amount may change when the award is finalized.***
Column C	Indicate the total number of nights for mass shelter (Columns A ÷B = C).
Column D	State the number of rural clients to be served with FEMA EFSP request.
Column E	Indicate the total number of clients to be served (include rural clients reported in Column D) with FEMA request.

Food (Served Meals/Mass Feeding) Category					
	A	**B**	**C**	**D**	**E**
Food Category	FEMA Funds Requested	Meal Per Diem	FEMA-Funded Total Meals	FEMA-Funded Number of Rural Clients	FEMA-Funded Number of Clients Served
Served Meals - *Direct Cost*	$				
Served Meals - *Per Diem*	$	$2.00 per meal			

GUIDANCE**: Food Category**	
Column A:	Indicate the amount of FEMA funds you are requesting.
Column B	In past years the local board has selected a $2.00/meal per diem rate. ***This amount may change when the award is finalized***
Column C	State the total number of meals served with FEMA funds (Columns A ÷ B = C).
Column D	Indicate the number of rural clients to be served with FEMA request.
Column E	State the total number of clients to be served (include rural clients reported in Column D) with FEMA request.

Other Food Category	
FEMA funds requested:	$
Indicate the number of rural clients to be served with FEMA request.	
Please use the space below to document how your request will be used. Give specifics (e.g., FEMA funds will buy approximately "X" number of food boxes to help "X" number of clients at "X" approximate cost per box).	

Financial Assistance Category				
*Note: All local providers for emergency rent/mortgage and utility assistance must utilize Pima County's Emergency Services Network (ESN) to ensure no duplication of assistance occurs.				
	A	**B**	**C**	**D**
Financial Assistance Category	FEMA Funds Requested	Number of Households Served	Average Bill	Number of Rural Households Served
Rent/Mortgage	$ 38,750		$ 775	
Utility	$ 21,250		$ 425	

GUIDANCE: **Financial Assistance Category**	
Column A:	Indicate the amount of FEMA funds you are requesting.
Column B	Indicate how many households (including rural households) are projected to be served with FEMA EFSP funds.
Column C	State the amount of the average bill expected to be paid (Columns A ÷ B = C).
Column D	Indicate how many rural households are projected to be served with this FEMA request.

Program/Service Revenue & Expenditures

Complete tables A and B for each category in which FEMA EFSP funds are requested. Please reproduce this page if you are requesting funding in more than one service category.

A. Program/Service Revenue	
Provide budgeted revenues for this program year for each service for which FEMA EFSP Phase 37 funds are requested. At the bottom of the table, indicate the percent of the total program revenues that will be met with FEMA assistance.	
Service Category:	
Funding Sources	**Amount**
Federal Funds	$ 111,350
State Funds	$
City of Tucson Funds	$
Pima County Funds	$ 180,503
Arizona Health Care Cost Containment System	$
Pima Council on Aging	$
Title XX	$
United Way	$
Program Revenues/Client Fees	$ 7,496
Foundation Grants	$
Fundraising/Donations	$
Other/In-Kind	$ 56,044
FEMA EFSP Request	$ 63,027
Total Service Funding	**$ 418,380**
What percentage of your Program budget is the FEMA funding request? *Example: Motel Voucher Program:* *$8,000 FEMA FUNDING REQUEST* *$2,000 PRIVATE FUNDS* *$10,000 = 80% of Program Budget*	**15.06%**
What percentage of your overall Agency Budget is the FEMA funding request? *Example:* *$250,000 AGENCY BUDGET* *$8,000 FEMA FUNDING REQUEST* *= 3% of Overall Agency Budget*	**0.06%**

B. Program/Service Expenditures	
Indicate budgeted expenditures for this program year for each service for which FEMA EFSP Phase 37 funds are requested. TOTAL AGENCY BUDGETS ARE NOT ACCEPTABLE.	
Service Category:	
Line Item Budget Categories	**Total Service Budget**
Personnel/Employee Related Expenses	$ 2,545
Professional/Outside Services	$
Facilities/Occupancy	$ 482
Travel	$
Other (Specify):	$ 38,750
Other (Specify):	$ 21,250
Other (Specify):	$
Total Service Expenditures	**$ 63,027**

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
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YEAR ENDED JUNE 30, 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors
Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates, which comprises the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional revenues and 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Casa del Pueblo II dba: Casa del Pueblo II Apartments; Casa Mia Senior Apartments, Inc. dba: Casa Mia Apartments; Causa Community Development, Inc. dba: Guadalupe Barrio Nuevo; Gran Victoria Housing, LLC; Casa de Primavera Apartments, LLC dba: Casa de Primavera; Pueblo Senior Housing, Inc. dba: Casa del Pueblo; Santa Cruz Apartments, Inc. dba: Santa Cruz Apartments; Mountain Pointe Apartments, LP; dba Mountain Pointe Apartments, Bella Vista Properties I Limited Partnership; and Villa Las Vegas Limited Partnership, wholly-owned subsidiaries, which statements reflect total assets of $36,626,608 as of June 30, 2019, and total revenues of $9,715,894 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Casa del Pueblo II dba: Casa del Pueblo II Apartments; Casa Mia Senior Apartments, Inc. dba: Casa Mia Apartments; Causa Community Development, Inc. dba: Guadalupe Barrio Nuevo; Gran Victoria Housing, LLC; Casa de Primavera Apartments, LLC dba: Casa de Primavera; Pueblo Senior Housing, Inc. dba: Casa del Pueblo; Santa Cruz Apartments, Inc. dba: Santa Cruz Apartments; Mountain Pointe Apartments, LP; dba Mountain Pointe Apartments, Bella Vista Properties I Limited Partnership; and Villa Las Vegas Limited Partnership, is based solely on the reports of the other auditors. 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.

The financial statements of Gran Victoria Housing, LLC, Santa Cruz Apartments, Inc. dba: Santa Cruz Apartments; Mountain Pointe Apartments, LP; dba Mountain Pointe Apartments, Bella Vista Properties I Limited Partnership; and Villa Las Vegas Limited Partnership were not audited in accordance with *Government Auditing Standards*.

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 auditors' 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.

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 financial position of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, management adopted Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 45 through 59 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and 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 audits 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.

Board of Directors
Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the Chicanos Por La Causa, Inc. and Subsidiaries 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 10, 2019

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 11,777,418
Restricted Cash	395,963
Cash Held for Loan Programs	2,688,579
Receivables:	
Grants and Contracts, Net	5,423,809
Interest Receivable	140,593
Other Receivables, Net	120,637
Notes Receivable, Current	1,580,070
Prepaid Expenses	518,371
Total Current Assets	22,645,440
LONG-TERM ASSETS	
Notes Receivable, Net	21,819,933
Real Estate Properties - Rental, Net	129,162,448
Property and Equipment, Net	17,743,564
Related Party Receivables, Net	1,145,387
Real Estate Held for Sale	14,396,247
Investments in Debt and Equity Securities	3,687,267
Investments in Affiliated Entities - Cost Method	2,415,644
Investments in Affiliated Entities - Equity Method	633,328
Deposits and Funded Reserves	4,401,818
Other Assets	1,105,254
Total Long-Term Assets	196,510,890
Total Assets	$ 219,156,330

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2019

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 10,688,792
Deferred Revenue - Current Portion	828,775
Lines of Credit - Current Portion	2,727,353
Mortgages Payable and Other Debt, Current	4,386,566
Other Liabilities	2,132,019
Total Current Liabilities	20,763,505
LONG-TERM LIABILITIES	
Lines of Credit, Long-Term Portion	4,575,565
Deferred Revenue, Long-Term Portion	2,167,041
Mortgages Payable and Other Debt, Net	145,247,516
Total Long-Term Liabilities	151,990,122
Total Liabilities	172,753,627
NET ASSETS	
Without Donor Restrictions	42,871,805
With Donor Restrictions	3,530,898
Total Net Assets	46,402,703
Total Liabilities and Net Assets	$ 219,156,330

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contract Revenues:			
Grants and Contracts	$ 8,422,371	$ 1,819,268	$ 10,241,639
Cost Reimbursement	22,902,612	-	22,902,612
Fee for Service	18,497,429	-	18,497,429
Total Contract Revenues	49,822,412	1,819,268	51,641,680
Noncontract Revenues:			
Rental Income	17,960,352	-	17,960,352
Development Fees	104,701	-	104,701
Client Fees	3,474,420	-	3,474,420
Donations	334,665	-	334,665
Fundraising	1,362,692	-	1,362,692
In-Kind	987,719	-	987,719
Sales of Inventory	982,455	-	982,455
Other Revenues	1,677,365	-	1,677,365
Total Noncontract Revenues	26,884,369	-	26,884,369
Other Revenues:			
Investment Income	1,271,198	-	1,271,198
Interest Income	1,379,968	-	1,379,968
Total Other Revenues	2,651,166	-	2,651,166
Net Assets Released from Restrictions	1,555,450	(1,555,450)	-
Total Revenues	80,913,397	263,818	81,177,215
OPERATING EXPENSES			
Program Services	69,931,745	-	69,931,745
General and Administrative	11,983,486	-	11,983,486
Fundraising	1,814,849	-	1,814,849
Total Operating Expenses	83,730,080	-	83,730,080
NONOPERATING ACTIVITY			
Gain on Sale of Assets, Net	693,007	-	693,007
Impairment Loss on Real Estate	(360,055)	-	(360,055)
Net Nonoperating Activity	332,952	-	332,952
CHANGE IN NET ASSETS	(2,483,731)	263,818	(2,219,913)
Net Assets - Beginning of Year	45,355,536	3,267,080	48,622,616
NET ASSETS - END OF YEAR	$ 42,871,805	$ 3,530,898	$ 46,402,703

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2019

							Corporate				
	CPLC Community Schools	Prestamos	Friendship	Behavioral Health	Health and Human Services	Single Family Housing and Counseling	Public Relations and Fund Raising	Management and General	La Causa	Economic Development	CPLC Nevada
SUPPORT AND REVENUES											
Contract Revenues:											
Grants and Contracts	$ 2,591,032	$ 258,556	$ -	$ 1,527,016	$ 2,401,688	$ 809,442	$ 130,000	$ 205,446	$ -	$ 1,290,665	$ 453,290
Cost Reimbursement	-	342,215	-	-	22,470,520	216,266	-	-	-	-	81,067
Fee for Service	-	-	823,367	11,651,716	3,271,633	188,137	-	25,749	9,395,884	-	56,885
Total Contract Revenues	2,591,032	600,771	823,367	13,178,732	28,143,841	1,213,845	130,000	231,195	9,395,884	1,290,665	591,242
Noncontract Revenues:											
Rental Income	-	-	-	-	1,981	-	-	-	-	45,432	-
Development Fees	-	-	-	-	-	-	-	185,220	172,201	117,719	-
Client Fees	-	2,165,400	311,640	31,635	369,084	46,433	-	461,829	-	-	2,310
Donation	1,850	130,000	-	4,837	198,891	2,160	17,067	555,414	-	62,447	-
Fund Raising	-	-	-	1,000	-	-	1,240,192	100,000	-	-	21,500
In-Kind	-	-	-	6,622	75,084	-	-	906,013	-	-	-
Sales of Inventory	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	14,508	16,825	6,768	1,067	880	-	751,443	6,444,321	-	26,815	-
Total Noncontract Revenues	16,358	2,312,225	318,408	45,161	645,920	48,593	2,008,702	8,652,797	172,201	252,413	23,810
Other Revenues:											
Intercompany Dividend Income	-	-	-	-	-	-	-	1,304,994	-	-	-
Investment Income (Loss)	-	(72,471)	-	-	-	-	-	989,798	-	392,294	-
Interest Income	-	1,580,595	-	-	-	-	-	5,227	3	-	-
Total Other Revenues	-	1,508,124	-	-	-	-	-	2,300,019	3	392,294	-
Total Support and Revenues	2,607,390	4,421,120	1,141,775	13,223,893	28,789,761	1,262,438	2,138,702	11,184,011	9,568,088	1,935,372	615,052

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2019

	CPLC New Mexico, Inc.	CPLC Health Inc. (AZRA)	NSP II	Multifamily Properties and Property Management	Commercial Properties and Property Management	Single Family Residential	New Mexico Co-Op	Tucson Foundation	Other	Eliminations	Total
SUPPORT AND REVENUES											
Contract Revenues:											
Grants and Contracts	$ 266,566	$ 125,500	$ -	$ 833	$ -	$ 175,980	$ -	$ -	$ 5,625	$ -	$ 10,241,639
Cost Reimbursement	-	-	-	-	-	577,185	-	-	-	(784,641)	22,902,612
Fee for Service	2,197,274	-	-	-	-	-	-	-	-	(9,113,216)	18,497,429
Total Contract Revenues	2,463,840	125,500	-	833	-	753,165	-	-	5,625	(9,897,857)	51,641,680
Noncontract Revenues:											
Rental Income	32,735	-	-	16,437,296	2,769,373	463,400	-	-	-	(1,789,865)	17,960,352
Development Fees	-	-	-	-	-	-	-	-	-	(370,439)	104,701
Client Fees	173,697	-	-	1,816,051	-	6,587	-	-	-	(1,910,246)	3,474,420
Donation	23,000	-	-	225,000	-	-	-	-	146,652	(1,032,653)	334,665
Fund Raising	-	-	-	-	-	-	-	-	-	-	1,362,692
In-Kind	-	-	-	-	-	-	-	-	-	-	987,719
Sales of Inventory	-	-	1,283,287	-	-	(290,784)	-	-	-	(10,048)	982,455
Other Revenues	(67,159)	-	-	1,426,980	84,508	3,404	-	-	-	(7,032,995)	1,677,365
Total Noncontract Revenues	162,273	-	1,283,287	19,905,327	2,853,881	182,607	-	-	146,652	(12,146,246)	26,884,369
Other Revenues:											
Intercompany Dividend Income	60,000	-	-	-	-	-	-	-	-	(1,364,994)	-
Investment Income (Loss)	37,385	-	-	14,557	-	-	-	-	-	(90,365)	1,271,198
Interest Income	-	-	-	5,727	194	71	-	-	-	(211,849)	1,379,968
Total Other Revenues	97,385	-	-	20,284	194	71	-	-	-	(1,667,208)	2,651,166
Total Support and Revenues	2,723,498	125,500	1,283,287	19,926,444	2,854,075	935,843	-	-	152,277	(23,711,311)	81,177,215

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2019

	CPLC Community Schools	Prestamos	Friendship	Behavioral Health	Health and Human Services	Single Family Housing and Counseling	Corporate: Public Relations and Fund Raising	Corporate: Management and General	La Causa	Economic Development	CPLC Nevada
OPERATING EXPENSES											
Salaries and Wages	996,757	1,026,821	750,786	5,805,687	14,996,263	637,378	819,772	5,851,620	927,487	657,407	283,220
Payroll Taxes	82,041	95,749	63,278	481,333	1,366,780	62,105	75,248	323,525	93,116	55,693	24,648
Fringe Benefits	151,657	92,193	112,309	634,811	2,343,732	108,543	120,482	683,658	130,104	69,777	27,923
Contractor Expense	-		-	-	-	-	-	-	7,518,759	-	-
Professional Fees	327,304	175,493	566	332,012	331,114	6,569	22,598	1,560,466	173,771	353,497	35,561
Management Fees	-	-	-	-	48,000	-	-	-	-	-	-
Staff Development	4,369	33,998	2,263	23,792	184,577	1,025	15,124	169,471	18,790	10,745	4,318
Property Administration	-	-	-	-	-	-	-	-	-	-	-
Travel	7,106	72,001	8,885	97,825	404,151	9,021	19,563	395,950	63,869	31,477	19,262
Advertising and Marketing	19,968	27,553	5,490	37,758	132,410	137	664,149	339,180	633	895	25,682
Administrative Costs	352,600	278,411	194,643	1,251,233	3,899,614	186,227	-	-	264,756	168,749	68,550
Occupancy	369,240	73,824	84,064	636,456	584,599	83,775	45,863	417,901	36,775	33,666	23,040
Insurance and Taxes	4,726	37,096	6,404	60,337	252,254	7,704	582	163,256	131,299	42,872	3,421
Utility Expenses	36,868	6,649	21,402	91,244	408,492	5,820	3,577	52,351	869	5,002	2,177
Repairs and Maintenance	-	24,281	2,769	85,176	534,045	7,680	84	15,586	8,363	5,645	2,271
Office Expenses	22,468	17,772	2,348	39,471	215,638	6,635	2,091	78,424	15,917	1,444	14,924
Furniture and Fixtures	-	25,068	-	14,729	45,573	-	-	3,446	9,650	41	10,783
Technology and Communication	104,359	91,127	66,653	351,926	559,974	34,389	18,605	272,936	16,634	15,574	25,957
Consumable Supplies	34,648	2,612	34,094	164,047	1,253,665	10,206	3,857	68,644	9,157	6,007	5,320
Monetary Assistance	11,886	484,819	1,457	30,807	772,688	114,104	-	-	115,438	-	131,474
Miscellaneous	40,116	12,850	1,976	13,912	6,499	6,627	3,004	120,108	18,416	874	2,781
Program Construction	-	-	-	12,867	9,519	750	-	-	120	4,800	-
Donated Materials and Services	-	-	-	180	79,691	-	-	906,013	-	-	-
Depreciation	10,115	-	13,900	15,870	388,704	-	-	208,902	3,118	-	-
Interest expense	-	554,996	-	-	22,868	(293)	-	202,301	32,408	121,290	-
Bad Debt Expense (Recovery)	(52,090)	77,095	8,043	1,675	2,038	7,500	250	149,748	-	4,215	(14)
Total Operating Expenses	2,524,138	3,210,408	1,381,330	10,183,148	28,842,888	1,295,902	1,814,849	11,983,486	9,589,449	1,589,670	711,298
NONOPERATING ACTIVITY											
Gain/Loss on Sale of Assets, Net	-	24,312	(328,171)	-	5,000	3,476	-	-	(23,831)	-	-
Impairment Loss on Real Estate	-	-	-	-	-	-	-	-	-	-	-
Net Nonoperating Activity	-	24,312	(328,171)	-	5,000	3,476	-	-	(23,831)	-	-
CHANGE IN NET ASSETS	$ 83,252	$ 1,235,024	$ (567,726)	$ 3,040,745	$ (48,127)	$ (29,988)	$ 323,853	$ (799,475)	$ (45,192)	$ 345,702	$ (96,246)

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2019

	CPLC New Mexico, Inc.	CPLC Health Inc. (AZRA)	NSP II	Multifamily Properties and Property Management	Commercial Properties and Property Management	Single Family Residential	New Mexico Co-Op	Tucson Foundation	Other	Eliminations	Total
OPERATING EXPENSES											
Salaries and Wages	253,226	204,833	-	3,442,531	201,461	57,242	-	-	5,933	(664,048)	36,254,376
Payroll Taxes	25,620	21,079	-	392,406	19,455	5,661	-	-	(2,858)	(65,242)	3,119,637
Fringe Benefits	36,333	7,754	-	624,924	23,761	4,452	-	-	(6,845)	(95,354)	5,070,214
Contractor Expense	-	-	-	-	-	-	-	-	-	(7,518,759)	-
Professional Fees	2,198,498	11,731	-	453,639	15,526	58,156	22,125	-	(5,675)	(645,033)	5,427,918
Management Fees	-	-	-	1,026,616	333,959	106,169	-	-	-	(1,419,050)	95,694
Staff Development	6,818	449	-	48,374	-	1,375	-	-	-	-	525,488
Property Administration	-	-	-	106,490	672	204	-	-	-	-	107,366
Travel	61,076	1,493	-	64,022	44	20,461	-	-	499	-	1,276,705
Advertising and Marketing	29,170	1,239	-	249,535	2,007	632	-	-	216	-	1,536,654
Administrative Costs	125,212	45,398	-	170,617	-	20,049	-	-	4	(7,026,063)	-
Occupancy	90,956	5,834	-	30,828	-	11,688	-	-	-	(1,789,865)	738,644
Insurance and Taxes	34,680	4,925	-	1,798,048	750,642	210,128	-	-	57,379	(138,883)	3,426,870
Utility Expenses	7,358	-	-	2,847,294	199,647	20,953	-	-	9,253	-	3,718,956
Repairs and Maintenance	10,920	170	-	2,447,526	459,257	143,695	88,385	-	11,055	(598,981)	3,247,927
Office Expenses	3,978	5,101	-	63,471	204	2,356	-	-	24	-	492,266
Furniture and Fixtures	11,640	71	-	1,487	-	-	-	-	150	-	122,638
Technology and Communication	11,446	6,016	-	165,186	36,191	6,395	542	-	704	-	1,784,614
Consumable Supplies	2,364	4,680	-	12,726	-	6,883	-	-	40	-	1,618,950
Monetary Assistance	1,000	-	-	370,550	-	750	-	82,609	571,632	(1,032,653)	1,656,561
Miscellaneous	1,612	1,183	-	320,436	2,464	40,550	-	1	(1,000)	(324,461)	267,948
Program Construction	-	6,580	3,302,996	-	-	7,603	-	-	-	(784,641)	2,560,594
Donated Materials and Services	-	-	-	-	-	-	-	-	-	-	985,884
Depreciation	36,946	-	-	3,349,151	1,134,464	227,644	-	-	62,119	(199,206)	5,251,727
Interest expense	-	-	-	2,764,772	522,850	27,036	-	-	(41,963)	(211,849)	3,994,416
Bad Debt Expense (Recovery)	(7,254)	-	(4,068)	86,964	129,617	(3,247)	-	-	47,561	-	448,033
Total Operating Expenses	2,941,599	328,536	3,298,928	20,837,593	3,832,221	976,835	111,052	82,610	708,228	(22,514,088)	83,730,080
NONOPERATING ACTIVITY											
Gain/Loss on Sale of Assets, Net	(28,201)	-	-	432,489	624,261	(48,278)	-	-	-	31,950	693,007
Impairment Loss on Real Estate	-	-	-	-	-	(360,055)	-	-	-	-	(360,055)
Net Nonoperating Activity	(28,201)	-	-	432,489	624,261	(408,333)	-	-	-	31,950	332,952
CHANGE IN NET ASSETS	$ (246,302)	$ (203,036)	$ (2,015,641)	$ (478,660)	$ (353,885)	$ (449,325)	$ (111,052)	$ (82,610)	$ (555,951)	$ (1,165,273)	$ (2,219,913)

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (2,219,913)
Adjustment to Reconcile Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	5,251,727
Realized/Unrealized Loss on Investments	(17,212)
Change in Allowance for Doubtful Accounts and Provision for Loan Loss	448,033
Gain on Sale of Assets, Net	(693,007)
Impairment Loss on Real Estate	360,055
Forgivable Loan Principal Reduction	(51,763)
(Increase) Decrease in Assets:	
Grants and Contracts, Net	(3,073,090)
Interest Receivable	(58,426)
Other Receivables, Net	(72,625)
Prepaid Expenses	(334,822)
Related Party Receivables, Net	82,963
(Increase) Decrease in Liabilities:	
Accounts Payable and Accrued Expenses	3,430,195
Deferred Revenue	(1,738,027)
Other Liabilities	482,293
Net Cash Provided by Operating Activities	1,796,381
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Real Estate and Property and Equipment	(17,543,129)
Proceeds from Sale of Real Estate and Property and Equipment	4,193,169
Purchases of Investments	(2,688,219)
Proceeds from Sales of Investments	3,383,561
Purchases of Real Estate Held for Sale	(6,743,886)
Proceeds from Sales of Real Estate	1,933,772
Change in Deposits and Funded Reserves	2,636,046
Payments Received from Notes Receivable	5,010,104
Issuances of Notes Receivable	(10,892,585)
Change in Other Assets	(20,185)
Net Cash Used by Investing Activities	(20,731,352)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Mortgages and Other Debt Borrowings	19,184,833
Payments on Mortgages and Other Debt	(4,139,109)
Proceeds from Lines of Credit	796,973
Net Cash Provided by in Financing Activities	15,842,697
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,092,274)
Cash and Cash Equivalents - Beginning of Year	17,954,234
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 14,861,960

See accompanying Notes to Consolidated Financial Statements.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2019

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 3,994,416
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Real Estate Held for Sale Transferred to Rental Real Estate	$ 1,098,950
Purchase of Real Estate via Notes Payable	$ 7,847,767
Collateral Conversion	$ -
Cash and Cash Equivalents Consist of the Following:	
Cash and Cash Equivalents	$ 11,777,418
Restricted Cash	395,963
Cash Held for Loan Programs	2,688,579
Total Cash and Cash Equivalents	$ 14,861,960

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chicanos Por La Causa, Inc. (CPLC or the Organization) is an Arizona statewide community development corporation (CDC) with operations in Nevada and New Mexico, committed to building stronger, healthier communities as a lead advocate, coalition builder, and direct service provider. CPLC promotes positive change and self-sufficiency to enhance the quality of life for the benefit of those they serve. The objective of CPLC and its subsidiaries and affiliates (collectively referred to as CPLC or Organization) is the accumulation of a sufficient capital asset base to continually advance the mandate for self-sufficiency, as stated in Title VII of the Community Services Act of 1974 (Title VII). CPLC receives substantially all of its revenue from government contracts and rental income from its real estate properties.

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of CPLC and its subsidiaries, Futuro Investments Corp. (FIC); Tiempo, Inc. (Tiempo); La Causa Realty, LLC (LCR); La Causa Development, LLC (LCD); Futuro Camion Services, LLC; Liberty-Irvington, LLC; Friendship Community Mental Health Center (FCMHC); Prestamos CDFI, LLC (PC); La Causa Construction (LCC); San Marina Apartments, LLC; San Marina Affordable Apartments, LLC (SM); Casa Loma Affordable Apartments, LLC (CL); Glenrosa Affordable Apartments, LLC (GA or La Buena Vida); Hazelwood Affordable Apartments, LLC (HA or Starlight); Bella Vista Management LLC and Bella Vista Properties I Limited Partnership; Villa Las Vegas Limited Partnership; Mountain Pointe Apartments LIHTC, LLC and Mountain Pointe Apartments, LP; CPLC Donation Partners, LLC (DP); CPLC Housing Partners, LLC; Casa de Primavera Apartments, LLC (COP); Gran Victoria Housing, LLC (GV); CPLC Estancia, LLC; CPLC Housing & Health, LLC; Central and Grant Plaza, LLC; CPLC Fountain Villas, LLC; Chicanos por la Causa Land Bank, LLC; CPLC Holding and Asset Management Company, LLC; CPLC Land Bank Manager, LLC; Futuro Equity Fund, LLC; CPLC NM Community Stabilization Partners, LLC (CS); CPLC Pickle House, LLC; 59TH Avenue and Roosevelt, LLC; Nuevas Vistas on Main, LLC (Mesa Royal); CPLC 1551 W. Van Buren, LLC; CPLC Pastor Court, LLC; Vista Village on Van Buren, LLC; CPLC Shouse, LLC; CPLC 25th and Bell LLC; La Causa Development Nevada, LLC; CPLC Main and Country LLC and Main and Country Club, LLC, CPLC Prestamos, Mesa Royale East Motel LLC, CPLC Southwest Charter Schools, LLC and CPLC Broadway Revitalization LLC.

Also included in the accompanying consolidated financial statements are the assets, liabilities, and net assets of ten affiliates which are under common control, and in which CPLC possess an economic interest. These include CPLC Community Schools (CCS); Santa Cruz Apartments, Inc. (SC); Causa Community Development, Inc. (CCD); Pueblo Senior Housing, Inc. (PSH); Casa Del Pueblo II, Inc. (PSH II); Casa Mia Senior Apartments, Inc. (CM); CPLC New Mexico, Inc.; and CPLC Nevada, Inc. (CPLC Nevada); CPLC Health Inc. and CPLC Action Fund and CPLC Health Inc. (ARZA Home Health LLC). SC owns the Santa Cruz apartment complex; CCD owns the Guadalupe Barrio Nuevo apartment complex; and PSH owns the Casa Del Pueblo apartment complex. All significant inter-organization transactions and accounts have been eliminated in consolidation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

The consolidated financial statements of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Basis of Presentation

The Organization's consolidated financial statements have been prepared in accordance with the Not-For-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, the Organization is required to provide consolidated financial statements which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other 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 consolidated statements of activities as net assets released from restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building project, permanent endowment, or other long-term purposes are excluded from this definition.

Restricted cash consists of funds held for the Classroom Site Fund, for use solely at school sites. These funds are available for teacher compensation increases, employment related expenses and maintenance and operations purposes including classroom size reduction.

Cash Held for Loan Programs

CPLC receives loans and grant funds from various sources to be used for loans to new or existing small businesses or as cash reserves for loan losses. These loans are included in mortgages payable in the accompanying consolidated statement of financial position. The funds are maintained in separate bank accounts. As of June 30, 2019, CPLC had $2,224,906 in these accounts as cash designated for lending that are to be used to fund additional loans and $463,673, as cash held for loan loss reserves.

Grants and Contracts Receivable

Grants and contracts receivable consist primarily of amounts due from state and federal agencies for the provision of services; accordingly, credit risk is limited. Receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a decrease to earnings and an increase to the allowance for uncollectible accounts based on its assessment of the current status of individual receivables. The allowance for uncollectible receivables was $442,230 as of June 30, 2019.

Notes Receivable

Notes receivable consists of loans made to small businesses. They are reported at their outstanding unpaid principal balance adjusted for the notes allowance for notes receivable credit losses.

Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. Loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable (Continued)

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Organization has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on its consolidated financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

Allowance for Notes Receivable Credit Losses

The allowance for notes receivable credit losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for notes receivable credit losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonimpaired loans and is based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions; changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; and concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Affiliated Entities

The equity method of accounting is used when the Organization has 20% to 50% interest in other entities. Under the equity method, original investments are recorded at cost and adjusted for the Organization's share of undistributed earnings or losses of these entities. Nonmarketable investments in which the Organization has less than a 20% interest and in which it does not have the ability to exercise significant influence over the investee are initially recorded at cost, and periodically reviewed for impairment.

Investments in Limited Liability Companies

The Organization is the sole member of seven limited liability companies (LLCs): Ladera Village, LLC; Casa De Encanto Operating Company, LLC; Casa De Flores Operating Company, LLC; Guadalupe Huerta Operating Company, LLC; Rosa Linda Operating Company, LLC; Mountain Pointe Apartments LIHTC Phase II, LLC and Highland Manager, LLC. These LLCs have virtually no assets or liabilities as of June 30, 2019. These LLCs manage the general partnership interest for Ladera Village Limited Partnership; Casa De Encanto Senior Apartments LIHTC, LP; Casa De Flores Senior Apartments LIHTC, LP; Guadalupe Huerta Senior Apartments LIHTC, LP; Rosa Linda Senior Apartments LIHTC, LP; Mountain Pointe Apartments Phase II, LP and Highland at Vista, LLC. The LLCs have 0.01% general partner interest in each of the Partnerships, and have minimal assets, liabilities, revenue, and expenses.

In Oct 2017, the Organization invested $412,871 into Courtyard at Encanto, LLC, which is the owner of a 160 unit multifamily apartments. The investment represented 15% ownership of the LLC.

Investments in Debt and Equity Securities

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Real Estate Held for Sale

Real estate held for sale is stated at lower of cost or market and includes foreclosed properties, land under development, developed lots, direct and indirect costs of housing construction and interest, and overhead costs incurred during the development period. Cost is determined by the specific identification method.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Properties and Property and Equipment

The Organization records real estate properties and property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful lives of the assets or the lease terms. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of real estate property and property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. During the year ended June 30, 2019, the Organization recognized an impairment of $360,055.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method. Debt issuance costs are included within long-term debt on the consolidated statement of financial position. Amortization of debt issuance costs is included in interest expense.

Deposits and Funded Reserves

Deposits and funded reserves are assets whose use is limited and are held by trustees under third-party debt agreements. Deposits consist of escrow and security deposits, and reserves are required for property replacements and repairs.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Management Fee Revenue

Management fee revenue consists primarily of development fees related to property acquisition and construction development and property management activities for real estate and New Market Tax Credit Community Development Entity (CDE) Sponsor Fees and CDE Asset Management Fees earned from the Sub-CDEs. Management fees related to charges to real estate properties are eliminated in consolidation. CDE Sponsor Fees are recognized when an investor makes a qualified equity investment in a Sub-CDE or is otherwise earned in accordance with the terms of the individual CDE Fee Agreement. CDE Asset Management Fees are recognized as services are performed and collectability is reasonably assured.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income Revenue Recognition

Rental income revenue consists primarily of rental receipts from tenants and Section 8 housing subsidy payments and/or mortgage guarantees under CPLC's contracts with the U.S. Department of Housing and Urban Development (HUD). Revenue is recognized monthly in accordance with the lease agreement or contract. As of June 30, 2019, amounts due from tenants and/or HUD are included within grants and contracts receivables. These receivables are evaluated by management on an annual basis accordingly, an allowance for doubtful accounts was setup. As of June 30, 2019, the allowance for doubtful accounts balance was $138,308.

Deferred Revenue

Each month, the Organization receives block payment funding for behavioral health services from the Regional Behavioral Health Authority (RBHA) in Maricopa County. These funds are considered earned if total service claims generated equal or exceed the block payments. If service claims are insufficient, the RBHA has the contractual right to recoup the fund or characterize the deficiency as deferred revenue with an authorization to use the funding in the next fiscal year. For the year ended June 30, 2019, the Organization has a service claim deficiency balance of $2,679,308 and other contract deferred revenue balance of $316,508.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. The Organization received airtime and production costs valued at $985,884 for the year ended June 30, 2019. The revenues and expenses for these contributions are recorded in management and general in the supplemental consolidating statement of functional revenue and expenses.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations when incurred. Advertising and marketing costs charged to operations were $1,536,654 for the year ended June 30, 2019.

Benefits

The Organization has a partially self-insured health benefit program covering medical and prescription claims. The plan includes a stop-loss provision that insures claims exceeding $75,000.

The Plan offers health benefits to regular, full-time employees working 30 or more hours per week and their beneficiaries and covered dependents once a 90-day waiting period is met. The cost of health care services is recognized as a deduction in the period in which it is provided to participants. Liabilities for health claims incurred but not reported are estimated based on historical claims and industry trends.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidating statement of functional revenues and expenses presents the natural classification detail of revenues and expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation methods used are subject to a degree of estimation by management. Directly identifiable expenses are charged to program and supporting services. Salary and related expenses related to more than one function are charged to program and supporting services on the basis of direct time and effort reporting. Management and general expenses include those expenses that are not directly identifiable to any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

CPLC, SC, CCD, PSH, PSH II, CPLC SW, CM, CPLC New Mexico, CCS, CPLC Nevada, CPLC Health Inc. and CPLC Auction Fund are organized as nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as organizations described in Section 501(c)(3) and have been determined not to be private foundations. Accordingly, contributions to them qualify for the charitable contribution deduction under Section 170(b)(1)(A). Each entity is annually required to file a Return of Organization Exempt from Income Tax with the IRS.

GV, CPLC Nevada, PC, SM, CL, GA, HA, COP, DP, Chicanos por la Causa Land Bank, LLC; CPLC Holding and Asset Management Company, LLC; CPLC Land Bank Manager, LLC; CPLC Housing & Health, LLC; CPLC Villas, LLC, San Marina Apartments, LLC; 59TH Avenue and Roosevelt, LLC; Nuevas Vistas on Main, LLC (Mesa Royal); CPLC 1551 W. Van Buren, LLC; CPLC Pastor Court, LLC; Vista Village on Van Buren, LLC; CPLC Shouse, LLC; CPLC 25th and Bell LLC; CPLC Southwest Charter Schools, LLC and CPLC Broadway Revitalization LLC are organized as Limited Liability companies whose sole member is CPLC. CPLC Estancia and CPLC Fountain Villas are organized as a Limited Liability whose sole member is CPLC Housing & Health, LLC. Futuro Equity Fund is organized as an LLC whose sole member is PC. For income tax purposes, they are disregarded entities and are treated as departments of CPLC. Bella Vista Properties I LP is organized as a limited partnership whose sole partner is CS. For income tax purposes, it is a disregarded entity and treated as a department of CS. Villa Las Vegas, NM; Bella Vista Management, LLC; Ladera Village, LLC, and CS are organized as Limited Liability Companies whose sole member is CPLC New Mexico, Inc. Accordingly, the disregarded LLCs are exempt from income taxes under the applicable sections of the IRC and the Arizona Revised Statutes. In addition, the entities are generally subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. CPLC and affiliates have determined it does not have any taxable unrelated business income and they have not filed Exempt Organization Business Income Tax Returns.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

FIC, a for-profit company, files a consolidated income tax return with its subsidiaries, Tiempo, Futuro Camion Servicios, LLC; LCC; LCD; LCD Nevada; LCR; Liberty-Irvington, LLC; Central and Grant Plaza, LLC; CPLC Main and Country Club LLC; Main and Country Club LLC Mesa Royale East Motel LLC, are organized as Limited Liability Companies whose sole member is FIC. For income tax purposes, they are disregarded entities and are treated as departments of FIC. Friendship Community Mental Health Center, Inc.; and CPLC Prestamos are each separately taxable corporations and are responsible for filing their own income tax returns.

The Organizations have sustained operating losses in previous and current years from its for-profit subsidiaries and have loss carryforwards aggregating approximately $2.87 million dollars. Capital loss carryforwards ($524,081) expire in 2022. Net operating losses ($2.87 million) expire in years through 2038. There are also charitable contribution carryovers of approximately $1 million that expire in years through 2022. The loss carryforwards generate a deferred tax asset that may be realized in future years. It is the opinion of management that it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Organization has elected to record a valuation allowance to reduce any deferred tax assets to zero.

The Organization believes that it has appropriate support for any income tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	$ 11,777,418
Receivables	5,685,039
Investments in Debt and Equity Securities	3,687,267
Less: Net Assets With Donor Restrictions	(3,134,935)
Total	$ 18,014,789

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition to cash on hand, the organization has a $3.5 million operating line of credit with Wells Fargo bank which is available for general operating expenditures. As of June 30.2019, the line of credit had an outstanding balance of $227,353.

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include 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, and market-corroborated inputs.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities may include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table summarizes the valuation of CPLC's assets and liabilities subject to measurements at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Fixed Income Securities	$ 68,340	$ -	$ -	$ 68,340
Government and Agency Securities	500,738	-	-	500,738
Corporate Bonds	425,753	-	-	425,753
Equities - Common Stock	2,482,353	-	-	2,482,353
Mutual Funds	192,995	-	-	192,995
Arizona Community Foundation	-	-	17,088	17,088
Total Investments at Fair Value	$ 3,670,179	$ -	$ 17,088	$ 3,687,267

The following table presents the fair value hierarchy for the balances of financial assets measured at fair value on a nonrecurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Real Estate Held for Sale	$ -	$ -	$ 830,155	$ 830,155
Impaired Loans	-	-	153,684	153,684
Total Assets at Fair Value	$ -	$ -	$ 983,839	$ 983,839

The fair value of impaired loans is estimated based on either the loan's obtainable market price of the fair value of the collateral if the loan is collateral dependent or the discounted cash flows of future payments. Each method contains significant unobservable inputs and thus is classified as Level 3 fair value measurement.

A portion of the real estate held for sale is based on what the local markets are currently offering for assets with similar characteristics, less costs to sell, which CPLC classifies as Level 3 fair value measurement. The most common approach is through appraisals which are evaluated for various factors including age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral.

A summary of unobservable inputs for Level 3 assets measured at fair value on a nonrecurring basis as of June 30, 2019, are as follows:

	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Real Estate Held for Sale	Collateral Valuation	Discount from Market Values	70% to 100% 70%
Impaired Loans	Collateral Valuation	Discount from Market Values	90% to 100% 90%

NOTE 4 RELATED PARTY ACCOUNTS RECEIVABLE

Related party receivables consist of amounts due from low income housing real estate projects that CPLC has invested in or nonprofit organizations which CPLC holds membership in. These receivables primarily result from development fees earned at the inception of these projects and funds advanced to the projects. Related party receivables are stated at the amount management expects to collect and management provides an allowance for uncollectible accounts. The allowance for uncollectible related party receivables was $104,886 as of June 30, 2019.

Casa de Encanto	$ 114,173
Casa de Flores	5,871
Rosa Linda/Gene Rice	591,872
Guadalupe Huerta	6,091
Mountain Pointe Phase II	374,723
Courtyard at Encanto	7,100
Other Related Party Receivables	150,443
Total Related Party Accounts Receivable	1,250,273
Less: Allowance	(104,886)
Related Party Accounts Receivable, Net	$ 1,145,387

The above accounts receivable are unsecured and have no repayment terms.

NOTE 5 REAL ESTATE PROPERTIES

Santa Cruz Apartments, organized by SC, has 132 units and is not a HUD property. Casa de Primavera (COP) and Casa Del Pueblo II (CDP II), projects of CPLC, operate apartment complexes of 162 and 38 units, respectively, under Section 202 of The National Housing Act of 1959. Casa Del Pueblo, organized by PSH, has 58 units and is operated under Section 811 of National Housing Act as amended. Guadalupe Barrio Nuevo Apartments, organized by CCD, has 60 units and is operated under Section 207 of the National Housing Act of 1959 and are HUD properties. Casa Mia Senior Apartments has 64 units and is operated under Section 202 of the National Affordable Housing Act, as amended.

The projects are regulated by HUD as to rent charges and operating methods and require maintaining various deposits and reserves in restricted cash accounts. These items are included in deposits and funded reserves in the accompanying consolidated statement of financial position. COP, CDP II, CCD, PSH and Casa Mia have executed rental assistance contracts with HUD whereby HUD provides financial assistance to enable certain private housing to be available to individuals who are elderly, handicapped or low income.

San Marina Affordable Apartments, LLC; Casa Loma Affordable Apartments, LLC; Glenrosa Affordable Apartments, LLC; and Hazelwood Affordable Apartments, LLC were purchased using funds provided under the Neighborhood Stabilization Program Part II.

Pastor Court Apartments operates 10 duplexes (20 units) in Phoenix, Arizona providing low-income housing. This property was sold in June 2019.

NOTE 5 REAL ESTATE PROPERTIES (CONTINUED)

During 2016, CPLC obtained low interest rate financing from United Health Care to purchase two additional multifamily properties, CPLC Estancia Apartments and CPLC Fountain Villas Apartments. Both apartments are located in the Phoenix Maryvale area and are part of the CPLC community service center program to restore and stabilize the economic environment for the local area.

During fiscal year 2017, the limited partners of two low income tax credit apartments transferred 99.99% ownership to CPLC and CPLC New Mexico, Inc. upon completion of the 15-year compliance period. The two apartments are Mountain Pointe Apartments (108 units located in Nogales, Arizona) and Villa Las Vegas Apartments (60 units located in Las Vegas, New Mexico).

The Organization owns different commercial buildings purchased through grants, private mortgages or a combination of both. The buildings are leased to internal programs or to third parties. The Organization also owns single-family rental homes that are leased to unrelated third-party residents.

Real estate properties consisted of the following at June 30, 2019:

Cost and Donated Value:	
Land	$ 22,056,573
Buildings and Improvements	145,844,781
Furniture, Fixtures and Equipment	6,101,845
Construction in Progress	11,292,260
Total Cost and Donated Value	185,295,459
Less: Accumulated Depreciation	(56,133,011)
Real Estate Properties, Net	$ 129,162,448

Depreciation expense on real estate properties charged to operations was $3,349,151 for the year ended June 30, 2019.

At June 30, 2019, construction in progress consists of renovations of current facilities and development of new facilities. The Organization capitalized $868,057 of interest incurred on construction in progress during the year ended June 30, 2019.

NOTE 6 PROPERTY AND EQUIPMENT

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

Cost and Donated Value:	
Land	$ 1,046,533
Buildings and Improvements	5,691,516
Furniture, Fixtures and Equipment	4,312,444
Vehicles	3,957,483
Construction in Progress	12,619,244
Total Cost and Donated Value	27,627,220
Less: Accumulated Depreciation	(9,883,656)
Property and Equipment, Net	$ 17,743,564

Depreciation expense on property and equipment charged to operations was $1,902,576 for the year ended June 30, 2019.

At June 30, 2019, construction in progress consisted of renovations of current facilities and development of new facilities. The Organization capitalized $117,427 of interest incurred on construction in progress during the year ended June 30, 2019.

NOTE 7 NOTES RECEIVABLE

Prestamos CDFI, LLC (PC) notes receivable are summarized as follows as of June 30, 2019:

Micro Loans	$ 855,986
Business Loans	26,409,469
Residential Mortgage	71,415
Citizenship Loans (Pilot Program)	6,525
Total Loans	27,343,395
Intercompany Loans (Eliminated in Consolidation)	(3,563,659)
Allowance for Loan Losses	(507,683)
Loans, Net Intercompany and Allowance	$ 23,272,053
Current Portion of Notes Receivable	$ 1,533,070

NOTE 7 NOTES RECEIVABLE (CONTINUED)

The following table presents the activity in the allowance for loan losses by portfolio segment for PC for the year ended June 30, 2019 and the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment based on impairment method for PC as of June 30, 2019:

	Micro Loans	Business Loans	Residential Mortgage	Citizenship Loan (Pilot Program)	Total
Allowance for Credit Losses:					
Balance at Beginning of Year	$ 20,447	$ 452,854	$ 1,468	$ -	$ 474,769
Charge-Offs	(38,767)	(25,116)	-	-	(63,883)
Recoveries	27,102	-	-	-	27,102
Provisions	(3,337)	73,072	(40)	-	69,695
Balance at End of Year	$ 5,445	$ 500,810	$ 1,428	$ -	$ 507,683
Individually Evaluated for Impairment	$ 4,865	$ 148,819	$ -	$ -	$ 153,684
Collectively Evaluated for Impairment	580	351,991	1,428	-	353,999
Balance at End of Year	$ 5,445	$ 500,810	$ 1,428	$ -	$ 507,683
Loans and Financing Receivables:					
Individually Evaluated for Impairment	$ 19,210	$ 487,017	$ -	$ -	$ 506,227
Collectively Evaluated for Impairment	836,776	25,922,452	71,415	6,525	26,837,168
Balance at End of Year	$ 855,986	$ 26,409,469	$ 71,415	$ 6,525	$ 27,343,395

Credit Quality Indicators

PC categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, collateral adequacy, credit documentation, public information, and current economic trends, among other factors. PC analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes micro, business, and residential loans. This analysis is performed on an ongoing basis as new information is obtained. PC uses the following definitions for risk ratings:

Pass – Loans classified as pass represent loans that are evaluated and are performing under the stated terms. Pass rated assets are analyzed by the paying capacity, the current net worth, and the value of the loan collateral of the obligor.

Non Pass – Loans classified as Non Pass possess weaknesses that require management attention, such as being inadequately protected by the current net worth, paying capacity of the obligor, or by the collateral pledged. Non pass loans must have a well-defined weakness or weaknesses that jeopardize the repayment of the debt as originally contracted. They are characterized by the distinct possibility that PC may sustain a loss if the deficiencies are not correct. Loans in this category are allocated a specific reserve based on the estimated discounted cash flows from the loan (or collateral value less cost to sell for collateral dependent loans) or are charged off if deemed uncollectible.

NOTE 7 NOTES RECEIVABLE (CONTINUED)

Credit Risk Profile by Internally Assigned Grade – Micro Loans, Business Loans, and Residential Mortgage

Based on the most recent analysis performed, the risk category of loans by class of loans for PC as of June 30, 2019 was as follows:

	Pass	Non Pass
Micro Loans	$ 836,776	$ 19,210
Business Loans	25,922,452	487,017
Residential Mortgage	71,415	-
Citizenship Loans (Pilot Program)	6,525	-
Total	$ 26,837,168	$ 506,227

The following table summarizes the aging of the past due loans by loan class within the portfolio segments as of June 30, 2019:

	Still Accruing		
	30 to 89 Days Past Due	Over 90 Days Past Due	Nonaccrual Balance
Micro Loans	$ -	$ -	$ 44,500
Business Loans	-	-	487,017
Residential Mortgage	-	-	-
Total	$ -	$ -	$ 531,517

The following table summarizes individually impaired loans by class of loans as of June 30, 2019:

	Recorded Investments	Unpaid Principal Balance (1)	Average Recorded Investment	Interest Income Recognized
Micro Loans	$ 19,210	$ 19,210	$ 19,210	$ -
Business Loans	487,017	487,017	487,017	-
Total	$ 506,227	$ 506,227	$ 506,227	$ -

(1) Represents the borrower's loan obligation, gross of any previously charge-off amounts.

Impaired loans also include loans modified in a troubled debt restructuring (TDR) where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collections.

NOTE 7 NOTES RECEIVABLE (CONTINUED)

Credit Risk Profile by Internally Assigned Grade – Micro Loans, Business Loans, and Residential Mortgage (Continued)

The following is a summary of the Organization's loans modified in a TDR, by class, during the year ended June 30, 2019:

	Extended Maturity	Payment Reduction	Interest Rate Reduction at Below Market Rate	Total
Micro Loans	$ -	$ 12,785	$ -	$ 12,785
Business Loans	-	148,819	-	148,819
Total	$ -	$ 161,604	$ -	$ 161,604

Other notes receivable consisted of the following at June 30, 2019:

Assured Engineering Concepts, LLC (Related Party)	$ 47,000
Victoria Foundation	767,949
Other	80,950
Total Notes Receivable	895,899
Less: Allowance	(767,949)
Notes Receivable, Net	$ 127,950
Current Portion of Notes Receivable	$ 47,000

There was no change in the allowance account on the above business loans during the year ended June 30, 2019.

NOTE 8 INVESTMENTS IN DEBT AND EQUITY SECURITIES

Investments consisted of the following at June 30, 2019:

Fixed Income Securities	$ 68,340
Government and Agency Securities	500,738
Corporate Bonds	425,753
Equities - Common Stock	2,482,353
Mutual Funds	192,995
Arizona Community Foundation	17,088
Total Investments	$ 3,687,267

NOTE 9 EQUITY METHOD INVESTMENTS

The Organization owns interests in low-income housing real estate projects and other limited liability companies and accounts for these interests using the equity method of accounting.

NOTE 9 EQUITY METHOD INVESTMENTS (CONTINUED)

Summarized below is financial information for equity method investments as of and for the year ended June 30, 2019:

Assured Engineering	$	109,723
Mi Escuelita		34,771
NALCAB Network Investors, LLC		485,834
Other		3,000
Total	$	633,328

NOTE 10 LINES OF CREDIT

The Organization has a $3,500,000 line of credit with Wells Fargo, unsecured. Borrowings under the line bear interest equal to prime rate (5.5% at June 30, 2019). Interest is payable monthly and the line of credit matures in August 2019, and as of June 30, 2019 had an outstanding balance of $227,353.

The Organization has a $4,000,000 line of credit with State Farm, unsecured. Borrowings under the line bear interest at 3.75%. Interest is payable monthly and the line of credit matures in October 2019. The line of credit is used to fund small business loans through the Organization's subsidiary Prestamos CDFI, LLC, and as of June 30, 2019 had an outstanding balance of $2,500,000.

The Organization obtained a line of credit from Local Initiatives Support Corporation in the amount of $5,000,000. The loan is secured by real property, bears interest at 5%, and is due at maturity in September 2020. The line of credit is used to fund construction of real estate project in Dayton Nevada and had an outstanding balance of $4,575,565 at June 30, 2019.

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT

Mortgages payable and other debt consisted of the following at June 30, 2019:

Description	
Casa Mia Senior Apartments, Inc., Federal Housing and Urban Development (HUD) Capital Advance Program Mortgage Note, collateralized by real property. So long as Casa Mia meets the requirements outlined in the agreement, the note bears no interest and no monthly payments are required. The note is due April 1, 2046. Should Casa Mia default, the entire amount of the note could become due with interest accruing at 5.25%.	$ 5,601,900
Casa Mia Senior Apartments, Inc., mortgage agreement with the City of Phoenix, collateralized by real property. The note bears no interest and Casa Mia receives a 5.00% principal credit annually, until fully amortized in 2026, provided it complies with the note agreement. Should Casa Mia default, the entire amount of the note could become due with no interest accruing.	169,030
Casa de Primavera Apartments, LLC (COP) mortgage agreement with Greystone, collateralized by substantially all the assets of COP, payable in monthly installments of $20,596 including interest of 4.00% maturing in November 2048.	4,270,138
Note payable to State Farm for Buckeye Commerce, with a borrowing limit up to $5,200,000 and collateralized by real property deed of trust and assignment of rents and leases. In April 2018, the loan was modified as 0% interest rate with $50,000 monthly principal payments and various additional principal and various additional principal payments as defined in the loan modification, maturing in April 2021.	2,850,081
Note payable to State Farm for Buckeye Commerce, collateralized by real property deed of trust and assignment of rents and leases. In April 2018, the loan was modified as 0% interest rate with $5,000 monthly principal payments and $559,045 final payment in April 2021.	664,045
Causa Community Development (Guadalupe Barrio Nuevo) entered into an insured mortgage loan under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended. The mortgage is currently serviced by Bellwether Enterprise Real Estate Capital, LLC, payable in monthly interest and principal payments of $15,295, bearing 3.92% interest rate and maturing in June 2053.	3,444,504

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description	
Santa Cruz note payable to Hunt Mortgage Capital, LLC, secured by the security instrument and other loan documents, payable in monthly principal and interest payments of $10,828 beginning May 2017, including interest of 4.65%, with a balloon payment of $1,710,472 in April 2027.	$ 2,029,637
Note payable to Wells Fargo, collateralized by real estate, payable in monthly installments of $27,803 including interest at 4.15%, maturing May 2024.	3,692,307
Note payable to Wells Fargo, unsecured, payable in quarterly payments of $28,750 including interest at 2.00%, maturing in January 2020.	57,500
Causa Community Development (CCD) second mortgage agreement with HUD, collateralized by substantially all assets of CCD, payable in annual installments in the amount of 75% of surplus cash, as defined, including annually accrued interest at 4.00%, maturing in February 2034.	706,040
Note payable to Arizona Department of Housing for the Corazon Building, secured by certain real property, noninterest bearing. If certain use restrictions associated with the real property are followed, the principal balance will be forgiven in January 2028.	550,000
Note payable to City of Phoenix Housing Department, secured by the Corazon Building, noninterest bearing. If certain use restrictions associated with the real property are followed, the principal balance will be forgiven in May 2050.	550,000
Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA VII, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at .875% commencing in May 2012, maturing in July 2021. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.	122,397

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description		
Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA I NV, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at 1% commencing in July 2012, maturing in June 2021. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.	$	77,154
Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA VIII, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at .125% commencing in November 2013, maturing in November 2023. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.		492,120
Note payable to National Bank of Arizona for Prestamos, unsecured, quarterly interest payments of 3.00%, automatically renews annually until its maturity in December 2023.		200,000
Note payable to National Bank of Arizona for Prestamos, unsecured, interest at 2.00% paid quarterly, automatically renews annually until its maturity in December 2023.		150,000
Causa Community Development third mortgage agreement with HUD, collateralized by substantially all the assets of CCD (Guadalupe Barrio Nuevo), payable in full at the option of HUD including annually accrued interest at 4.00%, maturing in February 2034.		75,761
Note payable to Northern Trust Bank for the Corazon Building, secured by deeds of trust of real property, interest free and due in full on February 2024.		325,000
Note payable to Stewart Title TUC, secured by deeds of trust of real property, payable in monthly installments of principal and interest at a rate of 6.50% maturing in July 2026. This note is for the Grand Avenue property in Nogales.		32,390

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description		
Note payable to SCF Arizona, secured by loans originated from the funds and guaranteed by CPLC. Up to $10 million can be drawn down on loan. Interest only payments due quarterly at interest rates which range from 4.50% to 5.50% based on types of loans granted. Note matures in August 2024.	$	4,900,000
Note payable to Kansas State Bank, secured by deeds of trust of real property, payable in monthly installments of interest only at a rate of 4.29% from July 2013 through November 2013. Principal and interest payments began December 2013. Loan matures in November 2033. This note is for the Maryvale property.		1,888,352
Note payable to City of Phoenix Housing Department, secured by the De Colores Building, noninterest bearing. If certain use restrictions associated with the real property are followed, the principal balance of the loan is being forgiven in equal amounts annually through December 2022.		116,659
Note payable to Kansas State Bank, secured by deed of trust of real property and assignment of rental income, from Central and Grant property payable in monthly installments of principal and interest at a rate of 4.59% maturing in May 2035.		975,105
Note payable to Dignity Health for Prestamos, unsecured, quarterly interest payment at 3.00% interest rate and annual principal installments of $100,000, commencing April 1, 2017 and maturing in December 2019.		700,000
Mortgage note payable to The United Presbyterian Church. The note has no maturity date, bears no interest and no monthly payments are required, as long as CPLC New Mexico maintains the requirements outlined in the note agreement. The mortgage note would become payable in the event of a sale of the building or the building is not used for its intended purpose. Should CPLC New Mexico default, the entire amount of the note could become due with interest accruing at 8.00%.		250,000

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description		
Note payable to First Bank, secured by deeds of trust of real property, payable in monthly installments of interest only until February 2016, at which time monthly principal and interest payments of $3,709 commenced with principal due at maturity at a rate of 4.65%, maturing in January 2025. This note is for the Hazelwood multi-family housing property.	$	489,940
Bella Vista note payable to Pacific Life Insurance, secured by certain real property and equipment, payable in monthly installments of $5,056 including interest at 8.97% through May 2031.		443,165
Bella Vista note payable to New Mexico Finance Authority secured by certain real property, requiring interest-only payments of $321 at the annual rate of 1.00% per annum. Maturity of the loan occurs at the sale, refinance, or transfer of the property or on April 10, 2030.		385,000
Capitalized lease, collateralized by equipment, payable in monthly installments of $15,275 including interest at 1.74%, maturing in October 2021.		433,478
Note payable to NorthMarq Capital, LLC, a Minnesota LLC, secured by deeds of trust of San Marina Apartments, payable in monthly installments of principal and interest of $35,179, at an interest rate of 4.18%. The note matures October 2025.		6,750,261
Note payable to First Bank, secured by Casa Loma Apartments, payable in monthly installments of principal and interest of $5,953, beginning in April 2017, at an interest rate of 4.90%, with a balloon payment due March 2026.		948,781
Note payable to United Health Care, secured by all assets and income of CPLC Fountain Villas, LLC, interest bearing at 1-3.00% during the term of this note. Interest accruing monthly with principal and interest balance due upon maturity in April 2023.		6,451,659
Note payable to United Health Care, secured by all assets and income of CPLC Estancia, LLC, interest bearing at 1-3.00% during the term of this note. Interest accruing monthly with principal and interest balance due upon maturity in November 2022.		14,303,219

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description	
Note payable to a Nordstrom Federal Savings Bank, for Prestamos, unsecured, up to $2 million can be drawn down on the loan with interest only payments due quarterly at an interest rate of 2.00%, with the unpaid principal and interest due upon maturity in August 2020.	$ 2,000,000
Note payable to Western Alliance Bank for Prestamos, unsecured, interest at 3.00% paid quarterly, automatically renews annually until its maturity in September 2020.	2,000,000
Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA X, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at .375% commencing in November 2016, maturing in October 2025. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.	905,792
Note payable to Kansas State Bank for the refinance of Glenrosa Affordable Apartments, LLC, collateralized by substantially all the assets of Glenrosa and is payable in monthly installments of $5,823, including interest of 4.89%, maturing in June 2042.	956,719
Note payable to Wells Fargo, collateralized by the MHS Yuma Building and payable in monthly installments of $16,120 including interest of LIBOR plus 1.50% variable interest rate, maturing in November 2023.	502,096
Note payable to Kansas State Bank for Maryvale project, collateralized by deed of trust on real property, payable in monthly principal and interest payments of $2,722, beginning in June 2017, including interest of 4.59%, maturing in May 2027.	215,320
Note payable to Kansas State Bank for Central and Grant Project, collateralized by deed of trust, assignment of rents, and a business loan, payable in monthly principal, and interest payments of $2,558, beginning in June 2017, including interest of 4.59%, maturing in May 2027.	202,222

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description	
Gran Victoria note payable to Berkeley Point Capital, LLC, secured by the security instrument and other loan documents, payable in monthly principal and interest payments of $101,257 beginning in July 2017, including interest of 4.63%, with a balloon payment due in June 2027.	$ 19,073,926
Villa Las Vegas mortgage note payable to Bank of Las Vegas, collateralized by substantially all of the rental property and equipment of the project, payable in monthly principal and interest payments of $3,285, including interest of 7.50%, maturing in September 2020.	320,862
Villa Las Vegas mortgage note payable to New Mexico Mortgage Finance Authority, secured by a deed of trust and land use restrictions agreement on the property, payable in interest only payments in the amount of 1.00% of the outstanding principal plus accrued and unpaid interest, with interest accruing at 5.57%. The entire principal amount of the loan plus all accrued interest will be due and payable in full upon the earlier occurrence of the sale, refinance, or transfer of the property or on July 2041.	575,000
Equity Equivalent (EQ2) unsecured loan to Dignity Health to finance real estate activities associated with the acquisition and rehabilitation of affordable multi-family housing for CPLC's Neighborhood Stabilization Program and real estate operations. Interest was paid in arrears and commenced November 2017 with subsequent interest payments due monthly until Maturity in August 2024.	3,000,000
Equity Equivalent (EQ2) unsecured loan to Wells Fargo to operate and manage activities in support of low to moderate-income households and financially underserved. Quarterly interest payments accruing at 2.00% per annum. Quarterly principal payments of $250,000 become effective the fifth anniversary with equal payments due until maturity in January 2024.	1,000,000
Seller carry-back loan collateralized by deed of trust, payable in monthly installments of $3,862 including interest at 3.00%, maturing in December 2019. This is for the Central and Grant real estate project.	347,367
Equity Equivalent (EQ2) unsecured loan to BBVA Compass to operate and manage activities in support of low to moderate-income households and financially underserved. Quarterly interest payments accruing at 2.25% per annum, until maturity in April 2028.	2,500,000

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description	
Seller Carry-back loan related to the purchase of real property in Mesa, AZ payable in annual installments of $105,063 accruing interest at 4.00% maturing in April 2030.	$ 1,000,000
Prestamos CDFI, LLC note payable to Wells Fargo, payable in monthly payments of interest at 1.07% per annum maturing in December 2024.	4,060,800
Prestamos CDFI, LLC note payable to Wells Fargo, payable in monthly payments of interest at 1.07% per annum maturing in December 2047.	1,939,200
Prestamos CDFI, LLC EQ2 unsecured loan to Wells Fargo Community Investment Holdings, with quarterly interest payments at 2.00% per annum until January 2028. then additional quarterly principal payments (8) of $187,500 commence until liability is paid in full (January 2030).	1,500,000
Mountain Pointe Apartments, LP entered into an insured loan under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended. The loan is serviced by Bellwether Enterprise Real Estate Capital, LLC, payable in monthly installments of $14,719 including interest of 3.92% per annum, maturing June 1, 2053.	3,314,891
Note payable to Local Initiatives Support Corporation, collateralized by deed of trust, payable in monthly installments of interest at 6.00% with various principal payments due upon the stage of real estate development. Loan maturity is January 2021. This loan is for mobile home project in Mesa, AZ.	2,317,085
Note payable to Arizona Bank and Trust related to Nevada real estate project, payable in monthly installments of interest at 5% with principal balance due February 2021.	1,775,000
Note payable to Arizona Bank and Trust related to 59th Avenue and Roosevelt project, payable in monthly installments of interest at 5% with principal balance due February 2021.	18,096,903
Note payable to Raza Development Fund, Inc., collateralized by deed of trust on real property located at 15th Avenue and Van Buren, payable in monthly installments of interest at 5.91% with principal balance due at maturity in October 2037.	397,040

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description		
Note payable to Local Initiatives Support Corporation, 'collateralized by deed of trust on real property located at Central and Broadway, payable in monthly installments of interest at 6.00% with various principal payment due upon the stage of real estate development. Loan maturity is in August 2020.	$	1,687,500
Note payable to Arizona Community Foundation, unsecured with principal balance due at maturity in September 2020.		75,000
Note payable to Dignity Health, unsecured, payable quarterly at 1.00% from October 2020 until October 2022, at 2.00% thereafter with principal balance due at maturity in October 2025.		1,000,000
Note payable to Calvert Impact Capital, Inc., unsecured, interest payable monthly at 5-treasury rate plus 340 basis points (6.04%) for five years, after which monthly principal and interest payments commence through maturity December 2023.		5,000,000
Note payable to City of Phoenix from federal HOME program with $2 million maximum loan amount, collateralized by deed of trust on real property, with 0% interest rate. $50,000 principal payment will start on the 1st day of September 2020 and continuing on the 1st day of September each year thereafter if surplus cash is available. The entire outstanding principal balance is due January 1, 2059.		465,380
Note payable to Kansas State Bank, collateralized by deed of trust on office building located at Mesa, AZ, with interest rate at 5.19% through October 2023, then change to weekly average yield on US Treasure securities adjustment to maturity of one year plus 3.5% from November, 2023 to Maturity. Monthly principal and interest payment until maturity in October 30, 2038.		600,647
Note payable to Kansas State Bank, collateralized by deed of trust on real property located at Mesa, AZ, with monthly interest only payments at 5.19% until monthly principal and interest payments commencing in January 2021 through maturity in December 2040.		2,500,000
Note payable to US Bancorp Community Development Corporation for Prestamos, unsecured, with quarterly interest only payments at 3.0% and principal balance due at maturity in July 2021.		1,000,000

NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description	
Note payable to the New World Foundation, unsecured, 0% interest loan, with principal payments in four equal quarterly installments commencing September 2028. This loan is eligible for loan forgiveness after meeting certain defined benchmarks over the term of the loan.	$ 2,000,000
Note payable to State Bank of Arizona, unsecured, interest at 3.50% payable in one lump sum of principal and accrued interest on March 20, 2024.	250,000
Note payable to Arizona Bank and Trust Corporation, secured by deed of trust and tangible asset of a Motel purchased in Mesa, AZ, with monthly interest only payments at 5%. The outstanding principal balance is due in February 2021.	3,112,500
Total Mortgages and Other Debt	150,786,873
Less: Unamortized Debt Issuance Costs	(1,152,791)
Less: Current Maturities	(4,386,566)
Total	$ 145,247,516

Future maturities of mortgages payable and other debt are as follows:

Year Ending June 30,	Amount
2020	$ 4,386,566
2021	35,396,136
2022	2,992,052
2023	2,589,700
2024	31,158,142
Thereafter	67,026,747
Forgivable Loans	7,237,530
Total Future Maturities	$ 150,786,873

The Organization is required to maintain certain net asset, liquidity, and indebtedness ratios, and must comply with other general covenants of the loan agreements.

The Organization entered into a loan agreement with the United States Department of Agriculture (USDA) in December 2016 for $15,000,000. The loan is secured by select notes receivable. Principal and interest at 2.38% to be paid monthly. The note matures in December 2056. No amounts were advanced or due on the note at June 30, 2019.

NOTE 12 RETIREMENT PLAN

CPLC sponsors a 401(k) plan covering employees who meet specified age and service requirements. Contributions to the plan are participant directed. Employer contributions are made annually at the discretion of the board of directors. During the year ended June 30, 2019, CPLC paid contributions totaling $449,377 the plan.

NOTE 13 OPERATING LEASES

CPLC leases various buildings and office equipment under several operating lease agreements expiring through 2023. Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year at June 30, 2019 are:

Year Ending June 30,	Amount
2020	$ 462,517
2021	430,123
2022	314,520
2023	176,114
2024	79,919
Thereafter	75,200
Total	$ 1,538,393

In the normal course of business, operating leases are generally renewed or replaced by other leases. Total rental expense for operating leases with terms in excess of one month was approximately $480,546 for the year ended June 30, 2019.

CPLC leases office space to various third parties under operating leases that expire through 2022. Future minimum lease receipts to be received under these agreements as of June 30, 2019 are as follows:

Year Ending June 30,	Amount
2020	$ 1,008,263
2021	929,889
2022	665,377
2023	552,756
2024	403,972
Thereafter	2,688,317
Total	$ 6,248,574

NOTE 14 COMMITMENTS AND CONTINGENCIES

Five of the HUD properties have a housing assistance payments contract (HAP). The HAP contract is a rent assistance program for low-income families (or persons) as provided by the Section 8 Program of the National Housing Act of 1959. Eligible low-income tenants pay 30% of their income as rent, while HUD pays the difference between this rental amount and "contract rents" (as defined). CPLC can request from HUD an amount equal to 80% of contract rent during periods that the unit is vacant if certain conditions are met, but not to exceed 60 days. If a unit continues to be vacant after the 60-day period, CPLC may submit a claim and receive additional housing assistance payments on a semi-annual basis if certain conditions are met as outlined in the HAP contract.

The HAP contracts expire beginning in 2020 through 2033 as follows:

Casa de Primavera Apartments	March 31, 2033
Casa Del Pueblo	March 31, 2020
Casa Del Pueblo II	January 31, 2020
Guadalupe Barrio Nuevo	January 31, 2024
Casa Mia Senior Apartments	April 30, 2020

Management intends to renew the HAP contracts as they expire. The rental income from these contracts represents approximately 17% of total rental income from real estate for the year ended June 30, 2019. It is uncertain whether the contracts will be extended. HUD is contemplating several changes, which may have a significant financial impact on the properties. Management cannot reasonably estimate the ramifications, if any, of these uncertainties.

CPLC guarantees the debt of a nonconsolidated real estate venture. The debtor holds the deed of trust on the underlying real property. Payments on the debt are due in monthly installments and the debt matures in 2034. CPLC would be obligated to perform under this guarantee if the real estate venture failed to pay principal and interest payments to the lender as due. CPLC's guarantee on the performance of the debt was approximately $466,969 as of June 30, 2019. As of June 30, 2019, the real estate venture was current with their debt payments.

CPLC participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. The audits of these programs for, or including, the year ended June 30, 2019 remain subject to review. Accordingly, CPLC's compliance with applicable grant or contract requirements may be established at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the CPLC's management expects such amounts, if any, to be immaterial.

CPLC is guarantor of a line of credit for a nonprofit organization, Help-New Mexico. At June 30, 2019, the borrowing limit was $1,000,000, no draws were made, and the outstanding balance was $367,457.

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

In the normal course of business, CPLC is subject to various lawsuits. It is the opinion of management that the resolution of such lawsuits will not have a material adverse effect on the consolidated financial statements taken as a whole. Accordingly, no provision has been made in the accompanying consolidated financial statements for losses, if any, that might result from the ultimate outcome of these matters.

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Capital Magnet Fund	$ 1,170,735
Diane and Bruce Halle Foundation Grant	250,641
Arizona Complete Health	250,000
Walmart Grant	246,469
Prop 301 Plan	395,963
Broadway Redevelopment	165,870
Housing Counseling	117,396
City Group Foundation Grant	209,714
Supportive Housing Program	600,000
Subtotal	3,406,788
NeighborWorks America Capital Fund	124,110
Total	$ 3,530,898

NOTE 16 ENDOWMENT

CPLC's board of directors has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019, there were no such donor stipulations. As a result of this interpretation, CPLC classifies as endowment net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor- restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

CPLC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions

NOTE 16 ENDOWMENT (CONTINUED)

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The changes in endowment net assets by fund for the year ended June 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 176,400	$ 176,400
Contributions	-	-	-
Investment Return:			
Investment Income	-	7,960	7,960
Net Appreciation	-	-	-
Releases	-	(60,250)	(60,250)
Endowment Net Assets - End of Year	$ -	$ 124,110	$ 124,110

The endowment allows for the corpus to be distributed annually through 2021.

Investment and Spending Policies

CPLC has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5% on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of- return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

CPLC's annual appropriations are at the discretion of the board of directors.

NOTE 17 DONATED PROFESSIONAL SERVICES AND MATERIALS

CPLC received donated professional services for production and on-air media in the amount of $906,013 and other donated professional services and materials in the amount of $79,871 for the year ended June 30, 2019.

NOTE 18 NEW ACCOUNTING STANDARDS

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to improve revenue recognition guidance. The ASU affects any entity that enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. The ASU does not impact existing guidance on accounting for contributions but is applicable to exchange transactions. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue recognition will go through a five step process: 1) identify the contract with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when (or as) the organization satisfies the performance obligation. The Organization is currently evaluating the impact of adopting ASU 2014-09 and has not determined the effect to the consolidated financial statements. The Organization will be required to adopt the new standard for its fiscal year beginning July 1, 2019. The standard requires retroactive application.

In November 2018, the FASB approved ASU 2018-18, *Collaborative Arrangement* (Topic 808): *Clarifying the Interaction between Topic 808 and Topic 606.* The FASB issued this ASU to clarify the interaction between Topic 808, *Collaborative Arrangements*, and Topic 606, *Revenue from Contracts with Customers*. This ASU is effective for the fiscal year beginning after December 15, 2018. Early adoption is permitted, including interim periods within the fiscal year. The Organization will evaluate the impact of ASU 2018-18 on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016- 02, *Leases*, to improve financial reporting about leasing transactions (Topic 842). The ASU affects all lease transactions. Lessors will classify leases as either a sales-type, direct financing, or operating lease. In a sales-type lease, the lessor transfers control of the underlying asset to the lessee. At lease commencement, the lessor should derecognize the leased asset and record its net investment in the lease. The net investment in the lease consists of a lease receivable and the unguaranteed residual asset. In a direct financing lease, the lessor should derecognize the leased asset underlying the lease and record a net investment in the lease at lease commencement. The net investment in the lease should be measured in the same manner as a sales-type lease adjusted for selling profit and initial direct costs. An operating lease is neither a sale nor financing of an asset. The lessor should keep the asset underlying the lease on its balance sheet and continue to depreciate the asset based on its useful life. Rental revenue should be recognized on a straight-line basis. CPLC has several leasing transactions. The amendments in this update are effective for years beginning after December 15, 2020. The Organization is currently evaluating the impact of adopting ASU 2016-02 and has not determined the effect to the consolidated financial statements. The standard requires a modified retrospective approach to implementation.

NOTE 18 NEW ACCOUNTING STANDARDS (CONTINUED)

In June 2016, the FASB approved ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments.* The main objective of the ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU is effective for the fiscal year beginning after December 15, 2021. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within the fiscal year. The Organization will evaluate the impact of ASU 2016-13 on its consolidated financial statements.

NOTE 19 SUBSEQUENT EVENTS

Subsequent to year-end, the Organization entered into the following agreements:

In November 2019, Prestamos CDFI LLC secured a $3,000,000 note payable to Western Alliance Bank at 3% interest rate with a maturity date of October 1, 2024.

In July 2019, Prestamos CDFI LLC amended the line of credit with State Farm. The interest rate changed from 3.75% to 0% and the loan maturity date was extended to December 1, 2019 with three principal payments of $1,000,000 every month starting Oct 1st, 2019. The full loan amount was paid off on December 1, 2019.

In October 2019, CPLC sold the multi-family property located at 59th Avenue and Roosevelt with $24,201,035 sells price and $19,007,497 note payable principal pay off.

In October 2019, La Causa Development Nevada, LLC amended the line of credit with Local Initiatives Support Corporation to increase the maximum line of credit amount from $5,000,000 to $5,500,000.

Management evaluated subsequent events through December 10, 2019, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to December 10, 2019, that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the consolidated financial statements for the year ended June 30, 2019. Events or transactions that provided evidence about conditions that did not exist at June 30, 2019, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2019.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Prestamos CDFI, LLC	CPLC Community Schools	Multifamily Properties	CPLC and Other Subsidiaries	Consolidating Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	$ 1,395,908	$ 123,782	$ 4,132,351	$ 6,125,377	$ -	$ 11,777,418
Restricted Cash	-	395,963	-	-	-	395,963
Cash Held for Loan Programs	2,688,579	-	-	-	-	2,688,579
Receivables:						
Grants and Contracts, Net	119,868	375,522	125,930	4,802,489	-	5,423,809
Intercompany Receivables	145,000	23,858	869,526	17,441,481	(18,479,865)	-
Interest Receivable	140,593	-	-	-	-	140,593
Other Receivables, Net	95,730	-	19,906	5,001	-	120,637
Notes Receivable, Current	1,533,070	-	-	47,000	-	1,580,070
Prepaid Expenses	8,667	13,564	74,811	421,329	-	518,371
Total Current Assets	6,127,415	932,689	5,222,524	28,842,677	(18,479,865)	22,645,440
LONG-TERM ASSETS						
Notes Receivable, Net	25,302,642	-	-	3,913,380	(7,396,089)	21,819,933
Real Estate Properties - Rental, Net	-	-	94,447,541	37,808,554	(3,093,647)	129,162,448
Property and Equipment, Net	-	31,827	57,403	17,654,334	-	17,743,564
Related Party Receivables, Net	-	-	-	1,145,387	-	1,145,387
Real Estate Held for Sale	360,000	-	-	14,036,247	-	14,396,247
Investments in Debt and Equity Securities	-	-	-	3,687,267	-	3,687,267
Investments in Affiliated Entities - Cost Method	541,308	-	-	25,186,276	(23,311,940)	2,415,644
Investments in Affiliated Entities - Equity Method	633,328	-	-	-	-	633,328
Deposits and Funded Reserves	-	-	3,484,485	917,333	-	4,401,818
Other Assets	-	-	743,937	361,317	-	1,105,254
Total Long-Term Assets	26,837,278	31,827	98,733,366	104,710,095	(33,801,676)	196,510,890
Total Assets	$ 32,964,693	$ 964,516	$ 103,955,890	$ 133,552,772	$ (52,281,541)	$ 219,156,330
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	$ 175,635	$ 103,021	$ 2,806,928	$ 7,603,208	$ -	$ 10,688,792
Intercompany Payables	132,238	1,901,177	4,010,372	12,436,078	(18,479,865)	-
Deferred Revenue	-	-	-	828,775	-	828,775
Lines of Credit, Current Portion	2,500,000	-	-	1,522,525	(1,295,172)	2,727,353
Mortgages Payable and Other Debt, Current	1,050,654	-	779,163	2,556,749	-	4,386,566
Other Liabilities	153,567	-	1,133,608	844,844	-	2,132,019
Total Current Liabilities	4,012,094	2,004,198	8,730,071	25,792,179	(19,775,037)	20,763,505
LONG-TERM LIABILITIES						
Lines of Credit	-	-	-	4,575,565	-	4,575,565
Deferred Revenue, Long-Term Portion	-	-	-	2,167,041	-	2,167,041
Mortgages Payable and Other Debt, Net	21,246,808	-	93,270,695	36,830,930	(6,100,917)	145,247,516
Total Long-Term Liabilities	21,246,808	-	93,270,695	43,573,536	(6,100,917)	151,990,122
Total Liabilities	25,258,902	2,004,198	102,000,766	69,365,715	(25,875,954)	172,753,627
NET ASSETS						
Without Donor Restrictions	7,705,791	(1,435,645)	2,250,392	61,052,122	(26,700,855)	42,871,805
With Donor Restrictions	-	395,963	-	3,134,935	-	3,530,898
Contributions	-	-	1,069,726	-	(1,069,726)	-
Distributions	-	-	(1,364,994)	-	1,364,994	-
Total Net Assets	7,705,791	(1,039,682)	1,955,124	64,187,057	(26,405,587)	46,402,703
Total Liabilities and Net Assets	$ 32,964,693	$ 964,516	$ 103,955,890	$ 133,552,772	$ (52,281,541)	$ 219,156,330

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Prestamos CDFI, LLC	CPLC Community Schools	Multifamily Properties	CPLC and Other Subsidiaries	Eliminations	Total
REVENUES						
Contract Revenues:						
Grants and Contracts	$ 258,556	$ 2,591,032	$ 833	$ 7,391,218	$ -	$ 10,241,639
Cost Reimbursement	342,215	-	-	23,345,038	(784,641)	22,902,612
Fee for Service	-	-	-	27,610,645	(9,113,216)	18,497,429
Total Contract Revenues	600,771	2,591,032	833	58,346,901	(9,897,857)	51,641,680
Noncontract Revenues:						
Rental Income	-	-	16,437,296	3,312,921	(1,789,865)	17,960,352
Development Fees	-	-	-	475,140	(370,439)	104,701
Client Fees	2,165,400	-	1,816,051	1,403,215	(1,910,246)	3,474,420
Donations	130,000	1,850	225,000	1,010,468	(1,032,653)	334,665
Fundraising	-	-	-	1,362,692	-	1,362,692
In-Kind	-	-	-	987,719	-	987,719
Sales of Inventory	-	-	-	992,503	(10,048)	982,455
Other Revenues	16,825	14,508	1,426,980	7,252,047	(7,032,995)	1,677,365
Total Noncontract Revenues	2,312,225	16,358	19,905,327	16,796,705	(12,146,246)	26,884,369
Other Revenues:						
Intercompany Dividend Income	-	-	-	1,364,994	(1,364,994)	-
Investment Income (Loss)	(72,471)	-	14,557	1,419,477	(90,365)	1,271,198
Interest Income	1,580,595	-	5,727	5,495	(211,849)	1,379,968
Total Other Revenues	1,508,124	-	20,284	2,789,966	(1,667,208)	2,651,166
Total Revenues	4,421,120	2,607,390	19,926,444	77,933,572	(23,711,311)	81,177,215
OPERATING EXPENSES						
Salaries and Wages	1,026,821	996,757	3,442,531	31,452,315	(664,048)	36,254,376
Payroll Taxes	95,749	82,041	392,406	2,614,683	(65,242)	3,119,637
Fringe Benefits	92,193	151,657	624,924	4,296,794	(95,354)	5,070,214
Contractor Expenses	-	-	-	7,518,759	(7,518,759)	-
Professional Fees	175,493	327,304	453,639	5,116,515	(645,033)	5,427,918
Management Fees	-	-	1,026,616	488,128	(1,419,050)	95,694
Staff Development	33,998	4,369	48,374	438,747	-	525,488
Property Administration	-	-	106,490	876	-	107,366
Travel	72,001	7,106	64,022	1,133,576	-	1,276,705
Advertising and Marketing	27,553	19,968	249,535	1,239,598	-	1,536,654
Administrative Costs	278,411	352,600	170,617	6,224,435	(7,026,063)	-
Occupancy	73,824	369,240	30,828	2,054,617	(1,789,865)	738,644
Insurance and Taxes	37,096	4,726	1,798,048	1,725,883	(138,883)	3,426,870
Utility Expenses	6,649	36,868	2,847,294	828,145	-	3,718,956
Repairs and Maintenance	24,281	-	2,447,526	1,375,101	(598,981)	3,247,927
Office Expenses	17,772	22,468	63,471	388,555	-	492,266
Furniture and Fixtures	25,068	-	1,487	96,083	-	122,638
Technology and Communication	91,127	104,359	165,186	1,423,942	-	1,784,614
Consumable Supplies	2,612	34,648	12,726	1,568,964	-	1,618,950
Monetary Assistance	484,819	11,886	370,550	1,821,959	(1,032,653)	1,656,561
Miscellaneous	12,850	40,116	320,436	219,007	(324,461)	267,948
Program Construction	-	-	-	3,345,235	(784,641)	2,560,594
Donated Materials and Services	-	-	-	985,884	-	985,884
Depreciation	-	10,115	3,349,151	2,091,667	(199,206)	5,251,727
Interest Expense	554,996	-	2,764,772	886,497	(211,849)	3,994,416
Bad debt Expense	77,095	(52,090)	86,964	336,064	-	448,033
Total Operating Expenses	3,210,408	2,524,138	20,837,593	79,672,029	(22,514,088)	83,730,080
NONOPERATING ACTIVITY						
Gain/Loss on Sale of Assets, Net	24,312	-	432,489	204,256	31,950	693,007
Impairment Loss on Real Estate	-	-	-	(360,055)	-	(360,055)
Net Nonoperating Activity	24,312	-	432,489	(155,799)	31,950	332,952
Total Expenses	3,186,096	2,524,138	20,405,104	79,827,828	(22,546,038)	83,397,128
CHANGE IN NET ASSETS	$ 1,235,024	$ 83,252	$ (478,660)	$ (1,894,256)	$ (1,165,273)	$ (2,219,913)

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC BORROWING ENTITY
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	CPLC	CPLC Commercial	Totals before Eliminations	Eliminations	Total
CURRENT ASSETS					
Cash and Cash Equivalents	$ (28,940)	$ 296,009	$ 267,069	$ -	$ 267,069
Receivables:			-		
Grants and Contracts, Net	4,096,049	98,593	4,194,642	-	4,194,642
Intercompany Receivables	734,509	21,250	755,759	(755,759)	-
Accounts Receivable from Affiliates	12,708,020	6,664	12,714,684	-	12,714,684
Other Receivables	5,001	-	5,001	-	5,001
Note Receivable, Current	47,000	-	47,000	-	47,000
Prepaid Expenses	244,366	5,058	249,424	-	249,424
Total Current Assets	17,806,005	427,574	18,233,579	(755,759)	17,477,820
LONG-TERM ASSETS					
Notes Receivable, Net	3,815,844	-	3,815,844	(1,062,752)	2,753,092
Real Estate Properties - Rental, Net	-	26,178,657	26,178,657	-	26,178,657
Property and Equipment - Net	16,703,726	-	16,703,726	-	16,703,726
Related Party Receivables, Net	1,145,387	-	1,145,387	-	1,145,387
Real Estate Held for Sale	5,513,271	-	5,513,271	-	5,513,271
Investments in Debt and Equity Securities	3,650,893	-	3,650,893	-	3,650,893
Investments in Affiliated Entities - Cost Method	23,364,512	-	23,364,512	-	23,364,512
Deposits and Funded Reserves	44,447	629,862	674,309	-	674,309
Other Assets	-	11,827	11,827	-	11,827
Total Long-Term Assets	54,238,080	26,820,346	81,058,426	(1,062,752)	79,995,674
TOTAL ASSETS	$ 72,044,085	$ 27,247,920	$ 99,292,005	$ (1,818,511)	$ 97,473,494
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses	$ 4,780,877	$ 58,195	$ 4,839,072	$ -	$ 4,839,072
Intercompany Payables	21,250	734,509	755,759	(755,759)	-
Accounts Payable to Affiliates	1,915,370	771,785	2,687,155	-	2,687,155
Deferred Revenue - Current Portion	384,000	-	384,000	-	384,000
Lines of Credit - Current Portion	683,785	-	683,785	-	683,785
Mortgages Payable and Other Debt, Current	1,038,033	1,506,427	2,544,460	-	2,544,460
Other Liabilities	753,607	26,157	779,764	-	779,764
Total Current Liabilities	9,576,922	3,097,073	12,673,995	(755,759)	11,918,236
LONG-TERM LIABILITIES					
Deferred Revenue, Long-Term Portion	2,167,041	-	2,167,041	-	2,167,041
Mortgages Payable and Other Debt, Net	19,725,541	11,825,086	31,550,627	(1,062,752)	30,487,875
Total Long-term Liabilities	21,892,582	11,825,086	33,717,668	(1,062,752)	32,654,916
TOTAL LIABILITIES	31,469,504	14,922,159	46,391,663	(1,818,511)	44,573,152
NET ASSETS					
Without Donor Restrictions	37,557,042	12,325,761	49,882,803	-	49,882,803
With Donor Restrictions	3,017,539	-	3,017,539	-	3,017,539
Total Net Assets	40,574,581	12,325,761	52,900,342	-	52,900,342
Total Liabilities and Net Assets	$ 72,044,085	$ 27,247,920	$ 99,292,005	$ (1,818,511)	$ 97,473,494

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC BORROWING ENTITY
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	CPLC	CPLC Commercial	Totals before Eliminations	Eliminations	Total
REVENUES					
Contract Revenues:					
Grants and Contracts	$ 6,545,862	$ -	$ 6,545,862	$ -	$ 6,545,862
Cost Reimbursement	23,263,971	-	23,263,971	-	23,263,971
Fee for Service	15,137,235	-	15,137,235	-	15,137,235
Total Contract Revenues	44,947,068	-	44,947,068	-	44,947,068
Noncontract Revenues:					
Rental Income	92,710	2,472,857	2,565,567	(1,789,865)	775,702
Development Fees	302,939	-	302,939	-	302,939
Client Fees	915,568	-	915,568	-	915,568
Donations	987,468	-	987,468	-	987,468
Fundraising	1,341,192	-	1,341,192	-	1,341,192
In-kind	987,719	-	987,719	-	987,719
Sales of Inventory	(290,784)	-	(290,784)	-	(290,784)
Other Revenues	7,224,526	84,547	7,309,073	-	7,309,073
Total Noncontract Revenues	11,561,338	2,557,404	14,118,742	(1,789,865)	12,328,877
Other Revenues					
Intercompany Dividend Income	1,304,994	-	1,304,994	-	1,304,994
Investment Income (Loss)	1,382,092	-	1,382,092	-	1,382,092
Interest Income	5,227	194	5,421	(66,275)	(60,854)
Total Other Revenues	2,692,313	194	2,692,507	(66,275)	2,626,232
TOTAL REVENUES	59,200,719	2,557,598	61,758,317	(1,856,140)	59,902,177
OPERATING EXPENSES					
Salaries and Wages	28,831,302	189,398	29,020,700	-	29,020,700
Payroll taxes	2,367,487	18,380	2,385,867	-	2,385,867
Fringe benefits	3,958,610	22,421	3,981,031	-	3,981,031
Professional fees	2,654,620	13,791	2,668,411	-	2,668,411
Management fees	48,295	311,332	359,627	-	359,627
Staff Development	406,109	-	406,109	-	406,109
Property Administration	-	672	672	-	672
Travel	978,947	44	978,991	-	978,991
Advertising and marketing	1,175,377	1,576	1,176,953	-	1,176,953
Administrative Costs	5,525,876	-	5,525,876	-	5,525,876
Occupancy	1,813,948	-	1,813,948	(1,789,865)	24,083
Insurance and Taxes	637,179	665,123	1,302,302	-	1,302,302
Utility Expenses	586,583	183,708	770,291	-	770,291
Repairs and Maintenance	677,012	448,076	1,125,088	-	1,125,088
Office Expenses	346,035	177	346,212	-	346,212
Furniture and Fixtures	63,939	-	63,939	-	63,939
Technology and Communications	1,260,503	36,114	1,296,617	-	1,296,617
Consumable Supplies	1,513,349	-	1,513,349	-	1,513,349
Monetary Assistance	1,489,981	-	1,489,981	-	1,489,981
Miscellaneous	150,374	467	150,841	-	150,841
Program Construction	35,539	-	35,539	-	35,539
Donated Materials and Services	985,884	-	985,884	-	985,884
Depreciation	675,595	1,055,455	1,731,050	-	1,731,050
Interest Expense	311,376	376,569	687,945	(66,275)	621,670
Bad Debt Expense (Recovery)	205,672	129,617	335,289	-	335,289
Total Operating Expenses	56,699,592	3,452,920	60,152,512	(1,856,140)	58,296,372
NONOPERATING ACTIVITY					
Gain/Loss on Sale of Assets, Net	(39,802)	624,261	584,459	-	584,459
Impairment Loss on Real Estate	(360,055)	-	(360,055)	-	(360,055)
Net Nonoperating Activity	(399,857)	624,261	224,404	-	224,404
TOTAL EXPENSES	57,099,449	2,828,659	59,928,108	(1,856,140)	58,071,968
CHANGES IN NET ASSETS	$ 2,101,270	$ (271,061)	$ 1,830,209	$ -	$ 1,830,209

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC COMMUNITY SCHOOLS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Toltecalli High School	Envision High School	Total CPLC Community Schools
REVENUE			
Grants and Contracts	$ 1,708,039	$ 882,993	$ 2,591,032
Donation	1,400	450	1,850
Other Revenue	14,372	136	14,508
Total Revenue	1,723,811	883,579	2,607,390
OPERATING EXPENSES			
Salaries and Wages	630,442	366,315	996,757
Payroll Taxes	50,060	31,981	82,041
Fringe Benefits	95,588	56,069	151,657
Professional Fees	207,720	119,584	327,304
Staff Development	2,591	1,778	4,369
Travel	4,723	2,383	7,106
Advertising and Marketing	15,378	4,590	19,968
Administrative Costs	219,287	133,313	352,600
Occupancy	203,068	166,172	369,240
Insurance and Taxes	2,279	2,447	4,726
Utility Expenses	27,328	9,540	36,868
Office Expenses	13,519	8,949	22,468
Technology and Communication	53,546	50,813	104,359
Consumable Supplies	21,376	13,272	34,648
Monetary Assistance	7,546	4,340	11,886
Miscellaneous	27,716	12,400	40,116
Depreciation	2,764	7,351	10,115
Bad Debt Expense (Recovery)	(52,105)	15	(52,090)
Total Operating Expenses	1,532,826	991,312	2,524,138
CHANGE IN NET ASSETS	$ 190,985	$ (107,733)	$ 83,252

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC ESTANCIA LLC
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 123,631
Grants and Contracts Receivable, Net	30,550
Prepaid Expenses	3,420
Total Current Assets	157,601
LONG-TERM ASSETS	
Real Estate Properties - Rental, Net	13,333,042
Other Assets, Net	102,901
Total Long-Term Assets	13,435,943
Total Assets	$ 13,593,544
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 224,058
Intercompany Payables	223,784
Other Liabilities	166,964
Total Current Liabilities	614,806
LONG-TERM LIABILITIES	
Mortgages Payable and Other Debt	14,303,219
Total Liabilities	14,918,025
NET ASSETS (DEFICITS)	
Without Donor Restrictions	(1,324,481)
Total Liabilities and Net Assets (Deficits)	$ 13,593,544

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC ESTANCIA LLC
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE	
Noncontract Revenue:	
Rental Income	$ 2,316,252
Other Revenues	289,432
Total Noncontract Revenue	2,605,684
Other Revenues:	
Investment Income	32
Total Revenues	2,605,716
OPERATING EXPENSES	
Salaries and Wages	342,587
Payroll Taxes	42,434
Fringe Benefits	55,957
Professional Fees	45,777
Management Fees	206,631
Staff Development	5,745
Property Administration	9,185
Travel	4,932
Advertising and Marketing	64,224
Insurance and Taxes	175,782
Utility Expenses	562,499
Repairs and Maintenance	444,113
Office Expenses	5,205
Technology and Communication	7,976
Miscellaneous	164,817
Depreciation	504,166
Interest Expense	201,437
Bad Debt Expense	23,069
Total Operating Expenses	2,866,536
CHANGE IN NET ASSETS (DEFICITS)	$ (260,820)

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC FOUNTAIN VILLAS LLC
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 202,383
Grants and Contracts Receivable, Net	1,405
Prepaid Expenses	1,671
Total Current Assets	205,459
LONG-TERM ASSETS	
Real Estate Properties - Rental, Net	5,866,573
Deposits and Funded Reserves	120,030
Other Assets, Net	28,103
Total Long-Term Assets	6,014,706
Total Assets	$ 6,220,165
LIABILITIES AND NET ASSETS (DEFICITS)	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 75,812
Intercompany Payables	16,219
Other Liabilities	50,160
Total Current Liabilities	142,191
LONG-TERM LIABILITIES	
Mortgages Payable and Other Debt	6,451,659
Total Liabilities	6,593,850
NET ASSETS (DEFICITS)	
Without Donor Restrictions	(373,685)
Total Liabilities and Net Assets (Deficits)	$ 6,220,165

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC FOUNTAIN VILLAS LLC
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE	
Noncontract Revenue:	
Rental Income	$ 879,041
Other Revenue	92,979
Total Noncontract Revenue	972,020
Other Revenue:	
Investment Income	38
Total Revenue	972,058
OPERATING EXPENSES	
Salaries and Wages	107,771
Payroll Taxes	13,593
Fringe Benefits	14,687
Professional Fees	18,338
Management Fees	77,197
Staff Development	607
Property Administration	3,551
Travel	2,105
Advertising and Marketing	7,948
Insurance and Taxes	71,808
Utility Expenses	227,213
Repairs and Maintenance	195,257
Office Expenses	1,253
Technology and Communication	5,878
Miscellaneous	61,702
Depreciation	246,608
Interest Expense	78,827
Bad Debt Expense	7,066
Total Operating Expenses	1,141,409
CHANGE IN NET ASSETS (DEFICITS)	$ (169,351)

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – LA CAUSA CONSTRUCTION, LLC
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 324,271
Accounts Receivable	718
Intercompany Receivables	2,812,692
Total Assets	$ 3,137,681
LIABILITIES AND NET ASSETS (DEFICITS)	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 916,043
Intercompany Payables	3,108,231
Total Liabilities	4,024,274
NET ASSETS (DEFICITS)	
Without Donor Restrictions	(886,593)
Total Liabilities and Net Assets (Deficits)	$ 3,137,681

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – LA CAUSA CONSTRUCTION, LLC
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE	
Fee for Service Revenue:	
Construction Revenue	$ 9,081,268
Total Revenue	9,081,268
OPERATING EXPENSES	
Salaries and Wages	664,048
Payroll Taxes	65,243
Fringe Benefits	95,354
Contractor Expense	7,518,759
Professional Fees	26,381
Staff Development	11,544
Travel	11,206
Administrative Costs	165,589
Occupancy	25,461
Repairs and Maintenance	400
Insurance and Taxes	121,242
Office Expenses	8,009
Technology and Communication	5,330
Miscellaneous	3,370
Total Operating Expenses	8,721,936
CHANGE IN NET ASSETS (DEFICITS)	$ 359,332

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION –
CPLC NEW MEXICO, INC.
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 146,148
Grants and Contracts Receivable, Net	449,333
Notes Receivable	97,536
Intercompany Receivables	232,121
Prepaid Expenses	7,515
Total Current Assets	932,653
LONG-TERM ASSETS	
Property and Equipment	858,344
Investments	
Investments in Affiliated Entities - Equity Method	1,474,738
Total Long-Term Assets	2,333,082
Total Assets	$ 3,265,735
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 401,160
Intercompany Payables	2,095,054
Total Current Liabilities	2,496,214
LONG-TERM LIABILITIES	
Mortgages Payable and Other Debt, Net	250,000
Total Liabilities	2,746,214
NET ASSETS	
Without Donor Restrictions	519,521
Total Liabilities and Net Assets	$ 3,265,735

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES –
CPLC NEW MEXICO, INC.
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE	
Contract Revenue:	
Grants and Contracts	$ 266,566
Fee for Service	2,197,274
Total Contract Revenue	2,463,840
Noncontract Revenue:	
Rental Income	32,735
Client Fees	173,697
Donations	23,000
Unrealized Loss in Investment in Affiliated Entities	(67,159)
Total Noncontract Revenue	162,273
Other Revenue:	
Investment Income	37,385
Dividend Income	60,000
Total Other Revenue	97,385
Total Revenue	2,723,498
OPERATING EXPENSES	
Salaries and Wages	253,226
Payroll Taxes	25,620
Fringe Benefits	36,333
Professional Fees	2,198,498
Staff Development	6,818
Travel	61,076
Advertising and Marketing	29,170
Administrative Costs	125,212
Occupancy	90,956
Insurance and Taxes	34,680
Utility Expenses	7,358
Repairs and Maintenance	10,920
Office Expenses	3,978
Furniture and Fixtures	11,640
Technology and Communication	11,446
Consumable Supplies	2,364
Monetary Assistance	1,000
Miscellaneous	1,612
Depreciation	36,946
Bad Debt Expense	(7,254)
Total Operating Expenses	2,941,599
NONOPERATING ACTIVITY	
Loss on Sale of Assets, Net	(28,201)
CHANGE IN NET ASSETS	$ (246,302)

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC NEVADA, INC.
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	23,155
Grants and Contracts Receivable, Net		141,123
Intercompany Receivables		4,545
Other Assets		4,800
Prepaid Expenses		6,326
Total Current Assets		179,949
LONG-TERM ASSETS		
Investments in Affiliated Entities - Equity Method		383,400
Total Long-Term Assets		383,400
Total Assets	$	563,349
LIABILITIES AND NET ASSETS (DEFICITS)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$	20,922
Intercompany Payables		810,048
Total Current Liabilities		830,970
NET ASSETS (DEFICITS)		
Without Donor Restrictions		(267,621)
Total Liabilities and Net Assets (Deficits)	$	563,349

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC NEVADA, INC.
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE	
Contract Revenue:	
Grants and Contracts	$ 453,290
Cost Reimbursement	81,067
Fee for Service	56,885
Total Contract Revenue	591,242
Noncontract Revenue:	
Client Fees	2,310
Fundraising	21,500
Total Noncontract Revenue	23,810
Total Revenue	615,052
OPERATING EXPENSES	
Salaries and Wages	283,220
Payroll Taxes	24,648
Fringe Benefits	27,923
Professional Fees	35,561
Staff Development	4,318
Travel	19,262
Advertising and Marketing	25,682
Administrative Costs	68,550
Occupancy	23,040
Insurance and Taxes	3,421
Utility Expenses	2,177
Repairs and Maintenance	2,271
Office Expenses	14,924
Furniture and Fixtures	10,783
Technology and Communication	25,957
Consumable Supplies	5,320
Monetary Assistance	131,474
Miscellaneous	2,781
Bad Debt Expense (Recovery)	(14)
Total Operating Expense/Recovery	711,298
CHANGE IN NET ASSETS (DEFICITS)	$ (96,246)

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES

SINGLE AUDIT REPORTS

YEAR ENDED JUNE 30, 2019

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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
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YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' 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
Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates
Phoenix, Arizona

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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional revenues and expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 result 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

CliftonLarsonAllen LLP

Phoenix, Arizona
December 10, 2019

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates
Phoenix, Arizona

Report on Compliance for Each Major Federal Program

We have audited Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' major federal programs for the year ended June 30, 2019. Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major federal programs 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 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 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Board of Directors
Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates as of and for the year ended June 30, 2019, and have issued our report thereon dated December 10, 2019, which contained an unmodified opinion on those consolidated financial statements. 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 federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 10, 2019

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures	
Department of Agriculture					
Pass-Through Farmers Home Administration:					
Rural Self-Help Housing Technical Assistance	10.420	02-015-0860227210	$ -	$ 39,533	
Pass-Through Arizona Department of Education:					
National School Lunch Program	10.555	ED09-0001	-	85,038	
Total Child Nutrition Cluster			-	85,038	
Child and Adult Care Food Program	10.558	KR02-1170-ALS	-	575,782	*
Pass-Through State of New Mexico Children, Youth and Families Department:					
Child and Adult Care Food Program	10.558	201919N109946	447,817	2,189,274	*
Subtotal Child and Adult Care Food Program (10.558)			447,817	2,765,056	
Pass-Through Arizona Department of Education:					
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP)	10.561	N/A	-	2,074	
State Administrative Matching Grants for SNAP Career Advancement Network	10.561	CTR040032	-	32,206	
Subtotal SNAP Cluster			-	34,280	
Subtotal Department of Agriculture			447,817	2,923,907	
Department of Education					
Title I Grants to Local Educational Agencies	84.010	19FT1TTI-910454-01A	-	125,873	
Title I Grants to Local Educational Agencies	84.010	19FT1TTI-910134-01A	-	44,654	
Systematic Leadership Development	84.010	19FSISLD-910454-01A	-	2,265	
Systematic Leadership Development	84.010	19FSISLD-910134-01A	-	1,944	
Subtotal Grants to Local Educational Agencies (84.010)			-	174,736	
Comprehensive Support and Improvement Grant	84.010A	19FECSIM-910454-01A	-	106,931	
Individuals with Disabilities Education Act (IDEA)	84.027	19FESCBG-810454-09A	-	21,053	
Individuals with Disabilities Education Act (IDEA)	84.027	19FESCBG-910134-09A	-	7,544	
Subtotal Special Education Cluster (IDEA)			-	28,597	
Impact Aid	84.041	S041B-2019-7234	-	37,453	
Indian Education Grant	84.060	S060A172512	-	692	
School Wellness/Counseling	84.215E	S215E150396	-	22,248	
Title II Supporting Effective Instruction State Grant	84.367	19FT1TTI-810454-03A	-	6,126	
Title II Supporting Effective Instruction State Grant	84.367	19FT1TTI-910134-03A	-	1,926	
Subtotal Title II Supporting Effective Instruction State Grant (84.367)			-	8,052	
Subtotal Department of Education			-	378,709	
Department of Health and Human Services					
Pass-Through Administration on Aging:					
Special Programs for the Aging, Title III Part B	93.044	2019-13-CPL	-	28,350	
Special Programs for the Aging, Title III Part C1	93.045	2019-13-CPL	-	56,599	
Special Programs for the Aging, Title III Part C2	93.045	2019-13-CPL	-	11,075	
Subtotal Special Programs for the Aging, Title III (93.045)			-	67,674	
Nutritional Services Incentive Program	93.053	2019-13-CPL	-	8,472	
Subtotal Aging Cluster			-	104,496	
Social Service Block Grant (Title XX)	93.667	2018-12-CPL	-	2,980	

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures	
Department of Health and Human Services (Continued)					
Pass-Through Bureau of Women and Children's Health:					
Title V Abstinence Education	93.235	ADHS17-156403/A1	$ -	$ 25,956	
Title V Abstinence Education	93.235	ADHS17-156403/A2	-	79,134	
Subtotal Title V Abstinence Education (93.235)			-	105,090	
Family Violence Prevention	93.671	ADHS17-185597	-	42,647	
Pass-Through Administration for Children and Families:					
Migrant Head Start Program	93.600	90CM9807-05	-	11,724,463	*
Migrant Head Start Program	93.600	90CM9807-04	-	2,583,218	*
Early Head Start Program	93.600	09CH9163-05	-	4,300	*
Early Head Start Program	93.600	09CH9163-05	-	1,872,596	*
Early Head Start Child Care Partnership	93.600	90HM0007-04	-	1,916,787	*
Early Head Start Child Care Partnership	93.600	90HM0007-03	-	373,449	*
Subtotal Head Start Program (93.600)			-	18,474,813	
Pass-Through Health Resources and Services Administration:					
Ryan White - Med/Non-Med	93.914	M19MCMCPC/A199MCMCPL	-	114,295	
Ryan White - Med/Non-Med	93.914	M19NMCCPL/A19NMCCPL	-	101,464	
Ryan White - Outpatient	93.914	A19SASCPL	-	8,714	
Ryan White - Outpatient	93.914	A19MHSCPL	-	61,896	
Ryan White - Psychosocial	93.914	M19PSSCPLC/A19PSSCPL	-	24,702	
Subtotal Ryan White Program (93.914)			-	311,071	
Pass-Through State of Nevada - Division of Child and Family Services:					
Title IV - B, Subpart II, Promoting Safe and Stable Families	93.556	16-IVB-93556-18-005	-	29,355	
In Home Safety Services	93.658	CBE 603729-15	-	56,085	
Pass-Through Department of Economic Security					
Temporary Assistance for Needy Families (TANF)	93.558	ADES17-178657	-	697,158	*
Pass-Through Pima County:					
Emergency Services Network (ESN)-Short Term Crisis Service (STCS) TANF	93.558	CT-CS-18-404	-	82,862	*
Subtotal TANF Cluster			-	780,020	
ESN- Community Services Block Grant (CSBG)	93.569	CT-CS-18-404	-	27,390	
Low-Income Home Energy Assistance Program	93.568	CT-CS-18-404		7,997	
Pass-Through Office of Community Services (OCS):					
Community Services Block Grant Discretionary Awards (CSBGDA)	93.570	90EE1173-01-01	-	8,246	
Community Services Block Grant Discretionary Awards	93.570	90EE1121-01-01	-	87,194	
Subtotal CSBGDA (93.570)			-	95,440	
Pass-Through State of Arizona Governor's Office of Youth, Faith and Family:					
Social Service Block Grant (Title XX)	93.667	DES-12025-531	-	62,434	
Substance Abuse, Prevention and Treatment Block Grant	93.959	SABG-DSG-17-051717-05	-	37,565	
Pass-Through Mercy Maricopa Integrated Care:					
Substance Abuse, Prevention and Treatment Block Grant	93.959	N/A	-	174,677	
Subtotal Substance Abuse, Prevention and Treatment Block Grant (93.959)			-	212,242	

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures	
Department of Health and Human Services (Continued)					
Pass-Through Mercy Maricopa Integrated Care:					
Substance Abuse and Mental Health Services	93.243	1H79SM080713-01	$ -	$ 192,633	
Pass-Through Arizona Department of Health Services					
HIV Prevention Activities - Health Department Based	93.940	ADHS18-203685	-	64,786	
HIV Behavioral Interventions	93.940	ADHS19-209344	-	24,512	
Subtotal HIV Prevention Activities (93.940)			-	89,298	
Subtotal Department of Health and Human Services			-	20,593,991	
Department of Housing and Urban Development					
Pass-Through Local Initiative Support Corporation:					
Community Development Block Grant (CDBG)	14.218	40909-0038	-	28,873	
Pass-Through Pima County:					
Community Development Block Grant (CDBG)	14.218	CT-CD-17*275	-	2,194	
Community Development Block Grant (CDBG)	14.218	CT-CD-19*379	-	5,692	
Pass-Through City of Mesa:					
Community Development Block Grant (CDBG)	14.218	190000001	-	100,000	
Pass-Through City of Phoenix:					
Community Development Block Grant (CDBG)	14.218	PS-018	-	29,891	
Subtotal CDBG - Entitlement Grants Cluster			-	166,650	
Pass-Through Office of Community Planning and Development:					
Neighborhood Stabilization Program	14.256	B-09-CN-AZ-0001	2,210,737	3,302,997	*
Pass-Through National Council of La Raza - Arizona					
Housing Counseling Assistance Program:	14.169	HC180011001	-	56,699	
Pass-Through National Council of La Raza - Nevada					
Housing Counseling Assistance Program:	14.169	HC180011001	-	12,500	
Pass-Through Nevada Affordable Housing Assistance Corporation					
Housing Counseling Assistance Program:	14.169	N/A	-	800	
Pass-Through Arizona Department of Housing					
Housing Counseling Assistance Program:	14.169	N/A	-	77,032	
Subtotal Housing Counseling Assistance Program (14.169)			-	147,031	
Pass-Through Tierra del Sol Housing Corporation					
Self-Help Homeownership Opportunity Program	14.247	SH16-023	-	11,160	
Subtotal Housing and Urban Development			2,210,737	3,627,838	
Department of Treasury					
Pass-Through NeighborWorks America:					
National Foreclosure Mitigation Counseling - Round 10	21.000	G-2016-85210026-FALLR10	-	2,646	
National Foreclosure Mitigation Counseling - Round 10 Supplemental	21.000	G-2017-8521-0039-FALLSUP	-	1,287	
NeighborWorks - Tableau Fellowship	21.000	G-OUT-2019-51735	-	2,250	
NeighborWorks	21.000	G-SUPINT-2019-52157	-	9,600	
NeighborWorks	21.000	G-SIF-2018-49467	-	50,000	
NeighborWorks - Peer Learning	21.000	G-SUPINT-2018-51082	-	3,000	
NeighborWorks	21.000	G-SUPINT-2018-50851	-	10,000	
NeighborWorks	21.000	G-SUPINT-2018-51250	-	800	
NeighborWorks	21.000	G-SUPINT-2018-50714	-	400	
NeighborWorks	21.000	G-SUPINT-2018-50131	-	12,500	
NeighborWorks	21.000	G-NEC-2019-51749	-	460,000	
Subtotal NeighborWorks (21.000)			-	552,483	
Capital Magnet Fund	21.011	171CM022170		440,705	
Community Development Financial Institutions Program (CDFI)	21.020	161FA020276	-	264,348	
Subtotal CDFI Cluster			-	264,348	
Subtotal Department of Treasury			-	1,257,536	

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Justice				
Pass-Through Arizona Department of Public Safety:				
Culturally Specific Services for Latina Victims of Domestic Violence	16.004	N/A	$ -	$ 21,538
Victims of Crime Act	16.575	2016-VZ-GX-0046 / 2018-347	-	308,098
Building and Sustaining a Coordinated Community Response to Prevent Domestic Violence	16.888	2017-CY-AX-007	-	63,901
Pass-Through State of Arizona:				
Residential Substance Abuse Treatment	16.593	RSAT-19-003	-	27,600
Pass-Through Office of Violence Against Women:				
Sexual Assault Services Culturally Specific Program	16.023	N/A	-	21,025
Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736	2016-WH-AX-0005	-	108,378
Subtotal Department of Justice			-	550,540
Small Business Administration				
Pass-Through Microloan Demonstration Program:				
Microloan Technical Assistance	59.046	SBAHQ-17-Y-0029	-	38,262
Microloan Technical Assistance	59.046	SBAHQ-18-Y-0007	-	303,953
SBA 1 NV Loan	59.046	4707445007	-	115,178
SBA 7 Loan	59.046	461779503	-	180,355
SBA 8 Loan	59.046	6447545004	-	603,183
SBA 10 Loan	59.046	7818285003	-	1,046,861
Subtotal Small Business Administration			-	2,287,792
Department of Commerce				
Pass-Through Economic Development Administration (EDA):				
EDA Financial Assistance Award	11.300	07 01 07152	-	711,124
Subtotal Economic Development Cluster			-	711,124
Subtotal Department of Commerce			-	711,124
Department of Labor				
Pass-Through National Security Agency				
GenCyber-Workforce Solutions	12.903	H98230-18-10166	-	33,855
YouthBuild	17.274	YB-32993-18-60-A-32	-	93,453
Pass-Through City of Phoenix				
Workforce Innovation and Opportunity Act Youth Program	17.259	145115	-	480,592
Pass-Through Maricopa County				
Workforce Innovation and Opportunity Act Youth Program	17.259	16026-RFP	-	1,581
Subtotal Workforce Innovation and Opportunity Act Cluster			-	482,173
Subtotal Department of Labor			-	609,481
Total Federal Expenditures			$ 2,658,554	$ 32,940,918

* - Denotes a major program for fiscal 2019.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and other governmental awards includes the federal grant activity of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates (CPLC), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. CPLC received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is pad to the subrecipient. Because the Schedule presents only a selected portion of the operations of CPLC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CPLC.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. CPLC's summary of significant accounting policies is presented in Note 1 in the basic consolidated financial statements.

CPLC has elected to use a negotiated indirect cost rate of 16.10% for the year ended June 30, 2019.

NOTE 3 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 Catalog of Federal Domestic Assistance.

NOTE 4 LOAN PROGRAMS

Expenditures reported in this schedule consist of the beginning of the year outstanding loan balance plus advances made on the loan during the year. The outstanding balance at June 30, 2019 for the SBA loans, CFDA #59.046, was $1,597,462.

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

1. Type auditors' report issued: Unmodified

2. Internal control over financial reporting:

• Material weakness(es) identified?		yes	x	no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?		yes	x	none reported

3. Noncompliance material to financial statements noted?		yes	x	no

Federal Awards

1. Internal control over major federal programs:

• Material weakness(es) identified?		yes	x	no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?		yes	x	none reported

2. Type of auditor's report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		yes	x	no

Identification of Major Federal Programs

CDFA-Number(s)	**Name of Federal Program or Cluster**
10.558	Child and Adult Care Food Program
14.256	Neighborhood Stabilization Program
93.600	Head Start Program
93.558	Temporary Assistance for Needy Families Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 988,228

Auditee qualified as low-risk auditee?		yes	x	no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs – Schedule of Prior Year Findings

There were no findings in the prior year.