

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)



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EL CENTRO DE LA RAZA AND AFFILIATES
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	6
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	7
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	11

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	29
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	32
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	33
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	35
SCHEDULES OF FINDINGS AND QUESTIONED COSTS	38
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION	40
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	44



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of El Centro de la Raza and Affiliates (a Washington nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of El Centro de la Raza and Affiliates as of December 31, 2021, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the El Centro de la Raza and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited El Centro de la Raza and Affiliates' 2020 consolidated financial statements, and our report dated June 30, 2021, expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

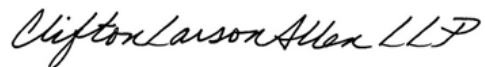
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information presented in the consolidating statements of financial position and activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, on our consideration of El Centro de la Raza and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of El Centro de la Raza 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 El Centro de la Raza and Affiliates' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
November 21, 2022

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,765,386	\$ 2,533,618
Grants and Contracts Receivable	2,086,785	2,139,318
Other Receivables	184,237	181,186
Tenant Security Deposits	22,547	22,533
Tenant Receivables	32,775	15,066
Prepaid Expenses	147,378	20,736
Total Current Assets	7,239,108	4,912,457
PROPERTY AND EQUIPMENT		
Land and Improvements	1,223,094	1,223,094
Buildings and Improvements	19,902,604	19,688,458
Furniture and Equipment	848,638	844,517
Accumulated Depreciation	(8,320,430)	(7,562,894)
Total Property and Equipment	13,653,906	14,193,175
OTHER ASSETS		
Reserves and Restricted Deposits	3,361,328	3,839,133
Contributions Receivable, Long-Term	-	2,000
Accrued Interest Receivable - Related Party	1,237,108	1,122,860
Notes Receivable - Related Party, Long-Term	3,441,411	3,441,411
Investment in Limited Liability Companies	499,384	499,475
Predevelopment Costs	635,239	-
Artwork	413,611	413,611
Unemployment Trust Fund	226,006	177,254
Total Other Assets	9,814,087	9,495,744
Total Assets	\$ 30,707,101	\$ 28,601,376

See accompanying Notes to Consolidated Financial Statements.

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 56,981	\$ 379,427
Accrued Liabilities	769,561	683,222
Accrued Interest Payable	10,445	29,024
Tenant Deposits	31,197	33,976
Deferred Rent	20,112	17,747
Notes Payable, Current	120,617	122,567
Deferred Tuition Revenue	125,039	52,500
Total Current Liabilities	1,133,952	1,318,463
LONG-TERM LIABILITIES		
Notes Payable Less: Unamortized Debt Issuance Costs and Current	3,492,991	4,701,594
Deferred Rental Income	2,178,333	2,285,833
Deferred Loans	1,942,029	1,942,029
Deferred Interest	158,122	146,479
Total Long-Term Liabilities	7,771,475	9,075,935
Total Liabilities	8,905,427	10,394,398
NET ASSETS		
Without Donor Restrictions:		
Undesignated	17,013,735	14,180,728
Board-Designated	3,005,485	3,517,377
Total Without Donor Restrictions	20,019,220	17,698,105
With Donor Restrictions	1,782,454	508,873
Total Net Assets	21,801,674	18,206,978
Total Liabilities and Net Assets	\$ 30,707,101	\$ 28,601,376

See accompanying Notes to Consolidated Financial Statements.

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
REVENUES AND GAINS				
In-Kind Donations	\$ 628,188	\$ -	\$ 628,188	\$ 452,534
Contributions and Grants	908,259	1,810,810	2,719,069	3,729,242
Contracts and Grants - Government	7,421,348	-	7,421,348	5,800,082
United Way	52,710	859,839	912,549	479,732
Child Care Tuition	2,508,313	-	2,508,313	2,356,624
Rental Income	529,614	-	529,614	497,434
Realized Gain (Loss) on Investments	7,980	-	7,980	14,429
Special Event Revenue of \$358,737				
Net of Expense of \$51,714	305,393	-	305,393	190,953
Tenant Charges	15,271	-	15,271	11,410
Interest Income	116,443	-	116,443	201,500
Management Fees	49,955	-	49,955	11,636
Forgiven Debt	592	-	592	624
Gain on Forgiveness of PPP Loan	1,303,069	-	1,303,069	-
Other Revenue	354,604	-	354,604	530,136
Net Assets Released from Restriction	1,397,068	(1,397,068)	-	-
Total Revenues and Gains	<u>15,598,807</u>	<u>1,273,581</u>	<u>16,872,388</u>	<u>14,276,336</u>
EXPENSES				
Program Services:				
Child Development Center	4,372,924	-	4,372,924	4,139,538
Food Bank, Referral, Advocacy, and Counseling	3,189,211	-	3,189,211	2,566,529
Home Ownership Education	704,608	-	704,608	663,462
Home Visits	984,214	-	984,214	982,347
Other Projects	910,758	-	910,758	1,935,366
Roberto Maestas Plaza	50,439	-	50,439	30,814
ECR Housing	52,930	-	52,930	54,811
NBHHA Housing	262,259	-	262,259	185,848
Supporting Services:				
Management and General	1,528,076	-	1,528,076	1,558,567
Fundraising	554,332	-	554,332	566,753
Rental of Excess Capacity	213,358	-	213,358	291,159
ECDLR Community Development LLC	454,583	-	454,583	370,226
Total Expenses	<u>13,277,692</u>	<u>-</u>	<u>13,277,692</u>	<u>13,345,420</u>
CHANGE IN NET ASSETS	2,321,115	1,273,581	3,594,696	930,916
Net Assets - Beginning of Year	<u>17,698,105</u>	<u>508,873</u>	<u>18,206,978</u>	<u>17,276,062</u>
NET ASSETS - END OF YEAR	<u>\$ 20,019,220</u>	<u>\$ 1,782,454</u>	<u>\$ 21,801,674</u>	<u>\$ 18,206,978</u>

See accompanying Notes to Consolidated Financial Statements.

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program Services								
	Child Development Center	Food Bank, Referral, Advocacy and Counseling	Home Ownership Education	Home Visits	Other Projects	Roberto Maestas Plaza	ECR Housing	NBHHIA Housing	Total Program Services
Salaries	\$ 2,776,102	\$ 1,203,882	\$ 375,630	\$ 721,215	\$ 265,239	\$ 36,462	\$ 2,480	\$ 38,908	\$ 5,419,918
Payroll Taxes	258,596	122,187	40,996	71,649	26,503	2,696	281	7,125	530,033
Benefits	486,270	182,042	40,973	121,064	25,057	4,184	465	3,336	863,391
Subtotal	<u>3,520,968</u>	<u>1,508,111</u>	<u>457,599</u>	<u>913,928</u>	<u>316,799</u>	<u>43,342</u>	<u>3,226</u>	<u>49,369</u>	<u>6,813,342</u>
Specific Assistance to Individuals	934	750,304	9,406	3,133	332,059	-	-	-	1,095,836
Donated Food	-	620,048	-	-	-	-	-	-	620,048
Professional Fees and Temp. Help	1,390	94,503	138,421	2,538	153,544	-	5,247	656	396,299
Supplies	289,933	98,949	23,393	43,430	9,643	-	-	481	465,829
Telephone and Postage	5,867	11,938	7,400	5,828	32,400	8	-	2,391	65,832
Occupancy	174,316	804	629	787	46,441	-	-	61,826	284,803
Occupancy - Rentals	-	-	-	-	-	-	8,881	-	8,881
Equipment Rental and Maintenance	17,383	13,461	9,231	2,471	4,214	-	1,002	-	47,762
Printing, Artwork, and Publications	1	166	-	-	-	-	-	-	167
Travel and Mileage Reimbursement	6,605	1,013	1,397	4,449	-	-	-	-	13,464
Training and Development	-	1,239	-	493	-	-	-	-	1,732
Interest	-	-	-	-	-	-	-	12,235	12,235
Taxes and Insurance	14,561	-	-	-	-	-	10,001	6,706	31,268
Vehicle Expense	9,917	3,789	-	20	-	-	-	-	13,726
Fees and Licenses	82,423	23,660	30,103	6,137	-	7,089	-	-	149,412
Advertising	113	2,920	2,500	1,000	15,658	-	-	-	22,191
Other	24,550	-	-	-	-	-	23,005	7,243	54,798
Total Expenses Before Depreciation	<u>4,148,961</u>	<u>3,130,905</u>	<u>680,079</u>	<u>984,214</u>	<u>910,758</u>	<u>50,439</u>	<u>51,362</u>	<u>140,907</u>	<u>10,097,625</u>
Depreciation	<u>223,963</u>	<u>58,306</u>	<u>24,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,568</u>	<u>121,352</u>	<u>429,718</u>
Total Expenses	<u>\$ 4,372,924</u>	<u>\$ 3,189,211</u>	<u>\$ 704,608</u>	<u>\$ 984,214</u>	<u>\$ 910,758</u>	<u>\$ 50,439</u>	<u>\$ 52,930</u>	<u>\$ 262,259</u>	<u>\$ 10,527,343</u>

See accompanying Notes to Consolidated Financial Statements.

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Support Services			Total Support Services	Total 2021	Total 2020
	Management and General	Fundraising	Rental of Excess Capacity			
Salaries	\$ 804,377	\$ 296,990	\$ 66,864	\$ 1,168,231	\$ 6,588,149	\$ 6,282,791
Payroll Taxes	96,374	29,026	8,368	133,768	663,801	622,386
Benefits	97,394	35,543	12,613	145,550	1,008,941	958,897
Subtotal	<u>998,145</u>	<u>361,559</u>	<u>87,845</u>	<u>1,447,549</u>	<u>8,260,891</u>	<u>7,864,074</u>
Specific Assistance to Individuals	1,280	-	54	1,334	1,097,170	1,807,310
Special Events	-	51,714	-	51,714	51,714	59,605
Donated Food	-	-	-	-	620,048	391,113
Professional Fees and Temp. Help	173,151	65,480	16	238,647	634,946	428,380
Supplies	8,067	80,841	8,343	97,251	563,080	645,183
Telephone and Postage	11,474	3,897	508	15,879	81,711	94,366
Occupancy	225	-	25,429	25,654	310,457	269,858
Occupancy - Rentals	-	-	-	-	8,881	19,023
Equipment Rental and Maintenance	4,466	4,474	1,007	9,947	57,709	97,998
Printing, Artwork, and Publications	236	3,627	-	3,863	4,030	3,594
Travel and Mileage Reimbursement	125	482	4	611	14,075	19,868
Training and Development	3,693	-	-	3,693	5,425	8,876
Interest	-	-	-	-	12,235	31,553
Taxes and Insurance	107,013	-	3,721	110,734	142,002	140,102
Vehicle Expense	652	-	454	1,106	14,832	7,156
Fees and Licenses	116,493	14,754	77	131,324	280,736	289,463
Advertising	10,843	576	-	11,419	33,610	60,997
Other	69,482	4,290	5,617	79,389	134,187	182,626
Total Expenses Before Depreciation	<u>1,505,345</u>	<u>591,694</u>	<u>133,075</u>	<u>2,230,114</u>	<u>12,327,739</u>	<u>12,421,145</u>
Depreciation	22,731	14,352	80,283	117,366	547,084	613,654
Total Expenses	<u>1,528,076</u>	<u>606,046</u>	<u>213,358</u>	<u>2,347,480</u>	<u>12,874,823</u>	<u>13,034,799</u>
Less: Expenses included with Revenue on the Statement of Activities	-	(51,714)	-	(51,714)	(51,714)	(59,605)
Total Expenses included in the Expense Section of the Statement of Activities	<u>\$ 1,528,076</u>	<u>\$ 554,332</u>	<u>\$ 213,358</u>	<u>\$ 2,295,766</u>	<u>\$ 12,823,109</u>	<u>\$ 12,975,194</u>

See accompanying Notes to Consolidated Financial Statements.

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	\$ 3,594,696	\$ 930,916
Reconciliation of Change In Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	757,535	696,199
Loss on Asset Disposal	-	21,743
Unrealized Loss on Investment in LLC	91	103
Amortization of Loan Fees	3,545	1,680
Forgiven Debt	-	(623)
Gain on Forgiveness of PPP Loan	(1,303,069)	-
(Increase) Decrease in Operating Assets:		
Grants and Contracts Receivable	52,533	(1,009,617)
Prepaid Expenses	(175,394)	(11,406)
Contributions Receivable	2,000	1,339
Tenant Receivables	(17,709)	(14,365)
Other Receivables	(117,299)	(147,072)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(322,446)	176,555
Accrued Interest Payable	(6,936)	29,308
Accrued Liabilities	86,339	(6,445)
Tenant Deposits	(2,779)	2,608
Deferred Revenue	(32,596)	(97,623)
Net Cash Provided by Operating Activities	2,518,511	573,300
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(218,266)	(145,880)
Predevelopment Costs	(635,239)	-
Net Cash Used by Investing Activities	(853,505)	(145,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	118,099	1,303,069
Principal Payments on Notes Payable	(29,128)	(27,300)
Net Cash Provided by Financing Activities	88,971	1,275,769
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,753,977	1,703,189
Cash and Cash Equivalents - Beginning of Year	6,395,284	4,692,095
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,149,261	\$ 6,395,284

See accompanying Notes to Consolidated Financial Statements.

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 122,568	\$ 124,396
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Forgiven Debt	\$ 1,303,661	\$ 624
RECONCILIATION OF CASH AND RESTRICTED CASH PER THE STATEMENT OF CASH FLOWS TO CASH AND RESTRICTED CASH PER THE BALANCE SHEET		
Cash	\$ 4,765,386	\$ 2,533,618
Tenant Security Deposits	22,547	22,533
Reserves	3,361,328	3,839,133
Total	\$ 8,149,261	\$ 6,395,284

See accompanying Notes to Consolidated Financial Statements.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 NATURE OF THE ORGANIZATION

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

El Centro operates programs in four areas:

Child & Youth Services

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

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

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)

Human Services

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

- People meet their basic food needs.
- People transitioning out of homelessness secure permanent housing.
- People acquire permanent affordable housing.
- Individuals and families in crisis receive immediate information, referral, and services to meet their needs.
- Older adults maintain the highest possible quality of life.
- Families and individuals are able to access basic health insurance plans.
- Income-eligible participants access affordable transit rates.
- Veterans increase access and awareness of human services, housing, and health resources.
- People receive access to legal services.
- People receive access to tax preparation services.
- Communities of Color decrease tobacco use and promote healthier lifestyles.

Education and Skill Building Programs

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

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

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)

Community Building and Development

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

On March 1, 2015, PRM Manager LLC, which is solely owned by El Centro, was admitted as the managing member of Plaza Roberto Maestas LLC (PRM), a Washington limited liability company, with a 0.01% interest. On April 9, 2015, US Bancorp Community Development Corporation was admitted as the investor member.

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

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

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

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

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

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

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Basis of Financial Presentation

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

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

At times, cash deposits, including amounts held in reserves, exceed the federally insured limits of the financial institution and expose the Organization to credit risk. At December 31, 2021, the Organization's deposits were approximately \$6.3 million over the federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at unpaid balances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has deemed all amounts to be collectible at December 31, 2021 and 2020.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Contracts and Grants

A portion of the Organization's revenue is derived from cost reimbursable federal, state, and county grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. There were no refundable advances at December 31, 2021. Amounts remaining under conditional grants from government agencies totaled approximately \$1,568,354.

Revenue is earned when eligible expenditures or service units, as defined in each grant, are made. Revenue recognized from cost reimbursable federal, state, and country grants totaled \$7,251,625 for the year ended December 31, 2021. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Childcare Tuition

Childcare tuition and management fees are recognized ratably over the time period that the service is provided. Advance tuition payments are recorded as deferred revenue until the service is provided.

Rental Income

Rental income of commercial space and affordable housing units are recognized ratably over the time period that the space is leased. Rent payments received in advance are recorded as deferred revenue until the lease period occurs.

Restricted and Unrestricted Revenue and Support

Contributions, including unconditional promises to give, are recognized as revenues in the statements of activities. 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.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

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

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 capital reserves.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Property, Equipment, and Building Improvements

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

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

Buildings and Improvements	5 to 27.5 Years
Land Improvements	27.5 Years
Furniture and Equipment	5 to 10 Years
Building Improvements (formerly Leased)	15 Years

Impairment

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2021 or 2020.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Classification and Allocation

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

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

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

Donated Food, Services, Property, and Equipment

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

Loan Fees

Unamortized loan fees are reported on the statement of financial position as a direct deduction from the face of the notes payable (see Note 11) and are amortized over the term of the underlying note using the straight-line method. U.S. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of loan fees is included with interest expense in financial expenses in the statement of activities.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

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

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

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

Use of Estimates

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

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with El Centro's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 4,765,386	\$ 2,533,618
Tenant Receivables	32,775	15,066
Current Grants, Contracts, and Other Receivables	<u>2,271,022</u>	<u>2,320,504</u>
Total	<u>\$ 7,069,183</u>	<u>\$ 4,869,188</u>

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization seeks to maintain enough cash on hand to cover six months of operating expenditures. In addition, the board can re-designate the board-designated net assets described in Note 7 as additional cash flow is required. The Organization also has access to the lines of credit described in Note 8. Of the financial assets listed above, \$193,572 is associated with three properties owned by the Organization. The properties also have lender and/or board-designated replacement and operating reserves that can be made available for capital repairs and operating deficits, as described in Note 6.

NOTE 4 ARTWORK

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

NOTE 5 UNEMPLOYMENT TRUST FUND

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

NOTE 6 RESERVES

ECR

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

Activity in the reserves was as follows:

	<u>Ferdinand</u>	<u>Shelton</u>	<u>Total</u>
Balance - January 1, 2021	\$ 28,711	\$ 17,936	\$ 46,647
Replacement Reserve Deposits	2,000	2,000	4,000
Interest Earned for 2021	3	2	5
Balance - December 31, 2021	<u>\$ 30,714</u>	<u>\$ 19,938</u>	<u>\$ 50,652</u>

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 6 RESERVES (CONTINUED)

ECR (Continued)

	<u>Ferdinand</u>	<u>Shelton</u>	<u>Total</u>
Balance - January 1, 2020	\$ 26,707	\$ 15,934	\$ 42,641
Replacement Reserve Deposits	2,000	2,000	\$ 4,000
Interest Earned for 2020	4	2	6
Balance - December 31, 2020	<u>\$ 28,711</u>	<u>\$ 17,936</u>	<u>\$ 46,647</u>

NBHHA

NBHHA is required to fund a replacement reserve annually with minimum annual deposits of \$6,300 per year, increasing 3.5% each year (\$7,459 in 2021).

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 109,301	\$ 99,287
Deposits	10,000	10,000
Interest	11	14
Ending Balance	<u>\$ 119,312</u>	<u>\$ 109,301</u>

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

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 78,363	\$ 68,353
Deposits	10,000	10,000
Interest	8	10
Ending Balance	<u>\$ 88,371</u>	<u>\$ 78,363</u>

ECDLR Community Development LLC

ECDLR Community Development LLC reserves consist of an escrow account required by the loan with Washington Community Reinvestment Association. The balance at December 31, 2021 and 2020, was \$51,423 and \$51,397, respectively. In addition, in 2017, the LLC established a replacement reserve account. The balance in the reserve was \$46,085 and \$36,048 at December 31, 2021 and 2020, respectively.

NOTE 7 PREDEVELOPMENT COSTS

The Organization has incurred predevelopment costs in the amount of \$635,000 for what is expected to be a \$58 million project providing 87 apartments for low-income families in the Columbia City neighborhood of Seattle. The project is expected to be financed through the low-income housing tax credit program, along with awards from the City of Seattle, State of Washington, Amazon, and private philanthropy. The costs will be transferred to a limited partnership in 2022.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 8 BOARD-DESIGNATED NET ASSETS

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

Changes in net assets of the board-designated funds consist of the following for the years ended December 31, 2021 and 2020:

	Land Purchase	Operating Reserves	Property Development	Total
Balance - January 1, 2020	\$ 536,517	\$ 1,816,745	\$ 419,789	\$ 2,773,051
Deposits	-	744,309	-	744,309
Interest	-	13	4	17
Balance - December 31, 2020	<u>536,517</u>	<u>2,561,067</u>	<u>419,793</u>	<u>3,517,377</u>
Withdrawals	-	(513,304)	-	(513,304)
Interest	-	1,412	-	1,412
Balance - December 31, 2021	<u>\$ 536,517</u>	<u>\$ 2,049,175</u>	<u>\$ 419,793</u>	<u>\$ 3,005,485</u>

NOTE 9 LINES OF CREDIT

The Organization has a line of credit with a bank with a limit of \$250,000. The line of credit bears interest at a variable rate equal to *The Wall Street Journal* Prime Rate (3.25% at December 31, 2021). A savings account at the bank was pledged as security. The Organization has another line of credit with a limit of \$500,000 and a floating interest rate with a minimum of 5% on an actual/360 simple interest basis. These lines of credit had no balance outstanding at December 31, 2021 or 2020.

NOTE 10 CONTRACT ASSETS

The Organization's contract assets consist of the following:

	2021	2020
Accounts Receivable - Tuition	\$ 67,939	\$ 47,888
Accounts Receivable - Rent and Other Earned Income	116,298	133,298
Total Other Receivables	<u>\$ 184,237</u>	<u>\$ 181,186</u>

NOTE 11 DONATED SERVICES

The Organization received donated services for food bank administration, education and cultural exchange programs, senior services programs, and its child development center that do not meet the recognition requirements for presentation in the financial statements. Approximately 11,021 and 7,642 hours were contributed by volunteers during 2021 and 2020, respectively. Such donated services were not recognized in the financial statements since they do not meet the criteria for recognition.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 12 NOTES PAYABLE

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

The notes payable at December 31 were:

	<u>2021</u>	<u>2020</u>
El Centro:		
Note Payable to U.S. Bank via the Payroll Protection Program for \$1,303,069; bears interest at 1%. Interest and principal due in full at maturity in April 2022. Loan principal and interest was forgiven in 2021; interest payable was \$18,579 at December 31, 2020.	\$ -	\$ 1,303,069
Note Payable to Impact Capital for \$150,000 and is noninterest bearing. Principal is due in full at maturity October 31, 2023.	118,099	-
NBHHIA:		
Note payable to the State of Washington Department of Commerce for \$508,539; annual installments of \$18,228, including interest at 1.5%; payments have been suspended by the lender; matures December 31, 2045; collateralized by deeds of trust on the property.	437,765	437,765
Note payable to the City of Seattle for \$1,233,467; bears interest at 1%; principal and accrued interest due upon maturity at November 2033; collateralized by deeds of trust on the property; interest payable was \$148,113 for 2021 and \$135,878 for 2020.	1,223,467	1,223,467
ECDLR Community Development LLC:		
Note payable to Washington Community Reinvestment Association for \$2,000,000; bears interest at 6.5%; payments of principal and accrued interest starting December 1, 2016, until maturity, November 1, 2031; secured by deed of trust on the related real estate.	<u>1,869,719</u>	<u>1,898,848</u>
Total	3,649,050	4,863,149
Less: Unamortized Debt Issuance Costs	<u>(35,442)</u>	<u>(38,988)</u>
Notes Payable Less Unamortized Issuance Costs	<u>\$ 3,613,608</u>	<u>\$ 4,824,161</u>

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 12 NOTES PAYABLE (CONTINUED)

As indicated above, the Paycheck Protection Program loan was forgiven in 2021. The U.S. Small Business Administration may review funding eligibility and usage of funds for compliance requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 120,617
2023	236,634
2024	116,314
2025	113,945
2026	111,416
Thereafter	<u>2,950,124</u>
Total	<u><u>\$ 3,649,050</u></u>

NOTE 13 DEFERRED LOANS – CITY OF SEATTLE

ECR

During 1991, ECR received funding from the City of Seattle through two long-term loans for the purpose of purchasing and renovating residential property to provide low-income housing. The loans bear simple interest at 1% per annum and are secured by deeds of trust on the properties. The loans mature in 40 years and have an option to extend maturity for an additional 35 years. No interest or principal payment is required until maturity. Terms of the loan are such that if ECR remains in compliance with all covenants for the term of the loans, accrued interest will be forgiven beginning in 2012 at the rate of 5% of the total liability each year and all principal and remaining accrued interest will be forgiven on the 75th anniversary of the date of the note. Interest forgiven was \$592 and \$624 for 2021 and 2020, respectively.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 13 DEFERRED LOANS – CITY OF SEATTLE (CONTINUED)

ECR (Continued)

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

	2021		
	Ferdinand	Shelton	Total
Principal Amount of Loan	\$ 29,223	\$ 55,131	\$ 84,354
Deferred Interest	3,499	6,510	10,009
Total	\$ 32,722	\$ 61,641	\$ 94,363
	2020		
	Ferdinand	Shelton	Total
Principal Amount of Loan	\$ 29,223	\$ 55,131	\$ 84,354
Deferred Interest	3,683	6,918	10,601
Total	\$ 32,906	\$ 62,049	\$ 94,955

EI Centro

EI Centro owes the City of Seattle for funds received under three interest-free notes payable for the purpose of purchasing and improving the property which it currently occupies. Contingent interest as defined in the loan agreements may apply. If EI Centro complies with the terms and conditions of the loans, the loans will be forgiven at maturity.

Loan documents require that at least 51% of persons served at the property must be low to moderate income during the compliance period, which generally ends on the maturity date of the loan.

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

	2021	2020
Note dated July 14, 1999, original amount of \$625,000; matures June 30, 2020; secured by a second deed of trust.	\$ 625,000	\$ 625,000
Note dated June 7, 2005, original amount of \$225,300; matures December 31, 2020; deed of trust securing first note was amended to include this note.	225,300	225,300
Note dated May 5, 2009, original amount of \$285,115; matures September 30, 2024; secured by a deed of trust.	285,115	285,115
Total	\$ 1,135,415	\$ 1,135,415

The City of Seattle has not yet released the two loans which matured in 2020 but is expected to in the coming year.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 13 DEFERRED LOANS – CITY OF SEATTLE (CONTINUED)

NBHHIA

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

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Purpose Restricted Only:		
Education	\$ 215,550	\$ 90,835
Health Matters	122,280	-
Housing Development	500,000	-
Emergency Preparedness	-	189,185
Youth Engagement/Development	373,133	-
Small Business Development	103,070	-
Other	268,421	228,853
Total Purpose Restricted Only	1,582,454	508,873
Time Restricted Only	200,000	-
Total	\$ 1,782,454	\$ 508,873

NOTE 15 PENSION PLAN

The Organization has a defined contribution pension plan for all employees with one year or more of service. The Organization contributes 5% of an eligible employee's salary into either a fixed income account or common stock account as designated by the employee. Employees become fully vested after four years of employment. Total pension expense was \$260,521 and \$232,387 for the years ended December 31, 2021 and 2020, respectively.

NOTE 16 LEASES

Operating Leases

El Centro has entered into an agreement to lease childcare space for a 15-year period through December 2031. This is a related-party lease as the lessor is Hirabayashi Place, LLC. Lease expense incurred under this agreement was \$27,061 and \$26,530 for 2021 and 2020, respectively, and is included in occupancy expense.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 16 LEASES (CONTINUED)

Operating Leases (Continued)

El Centro has also entered into agreements to lease office and other equipment through December 2023. Rental expense incurred under equipment leases was \$34,765 and \$54,434 for 2021 and 2020, respectively, and is included in equipment rental and maintenance expense.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 32,805
2023	31,668
2024	28,717
2025	29,291
2026	29,877
Thereafter	158,592
Total	<u>\$ 310,950</u>

Commercial Leases

El Centro as lessor has entered into leases with various businesses for the use of commercial space. Rental revenue, including amounts charged for one time use of space, was \$141,461 and \$139,696 in 2021 and 2020, respectively. The future minimum lease revenue under the leases is \$107,065 at December 31, 2021.

ECDLR as lessor has entered into leases with various businesses for the use of commercial space. Rental revenue was \$415,508 and \$369,093 in 2021 and 2020, respectively, including the revenue from the long-term leases described below. The future minimum lease payments under the operating leases are \$13,795.

Long-Term Leases

ECDLR as lessor entered into two lease agreements for office space during 2016. One-time payments totaling \$2,750,000 were received during 2016. Rental income recognized during 2021 and 2020 was \$107,500. Deferred revenue at December 31, 2021 and 2020 was \$2,285,833 and \$2,393,333, respectively.

NOTE 17 COMMITMENTS AND CONTINGENCIES

As discussed in Notes 11 and 12, the Organization has agreed to significant restrictions on the use of land and buildings in accordance with financing agreements.

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

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 18 CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	2021	2020
Receivable in One to Five Years	\$ -	\$ 2,000

Management has deemed all amounts to be collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2021 and 2020.

NOTE 19 NOTES RECEIVABLE – RELATED PARTY

El Centro held the following notes receivable at December 31:

2021					
Due from	Dated	Maturity Date	Interest Rate	Face Amount	Balance
Plaza Roberto Maestas LLC	April 9, 2015	August 30, 2066	5.75 %	\$ 2,716,000	\$ 2,635,600
Plaza Roberto Maestas LLC	April 9, 2015	August 30, 2066	5.75	1,289,416	805,811
Total					\$ 3,441,411
2020					
Due from	Dated	Maturity Date	Interest Rate	Face Amount	Balance
Plaza Roberto Maestas LLC	April 9, 2015	August 30, 2066	5.75 %	\$ 2,716,000	\$ 2,635,600
Plaza Roberto Maestas LLC	April 9, 2015	August 30, 2066	5.75	1,289,416	805,811
Total					\$ 3,441,411

Payments of principal are due on the maturity date of the note. Notes receivable are evaluated individually for impairment and collectibility. At December 31, 2021, management considers all notes fully collectible and none are considered impaired. Management uses prior payment history as a credit quality indicator for each note receivable. Each note is current and performing in accordance to its terms. Management considers all notes receivable to have an acceptable credit quality at December 31, 2021. Interest receivable was \$1,237,108 and \$1,122,860 at December 31, 2021 and 2020, respectively.

NOTE 20 RELATED-PARTY TRANSACTIONS

As of December 31, 2021 and 2020, PRM Manager LLC has made capital contributions of \$500,000 to PRM LLC.

EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 21 INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

The Organization is a general partner or managing member with a 0.01% interest in limited liability companies (LLC) which are operating child educational facilities and a multifamily housing property. The investor members of these LLCs have substantive participating rights in operations and therefore consolidation of these entities is not warranted. The Organization accounts for its interests in these limited partnerships and limited liability companies using the equity method. Under the equity method, the investment is initially recorded at cost and is subsequently increased by the Organization's proportional share of net income and decreased by the proportional share of net loss. The total net income or loss from investments in these entities is reported as a single line item on these financial statements.

The Organization's ownership amounts in these investments at December 31 are as follows:

Affiliate	LLC	2021	2020
PRM Manager LLC	Plaza Roberto		
	Maestas LLC	\$ 499,384	\$ 499,475
ECR	HP MM LLC	-	-
Total Investments in LLCs		<u>\$ 499,384</u>	<u>\$ 499,475</u>

Financial information about these investments as of December 31 is summarized as follows:

	2021	2020
Total Assets	\$ 60,629,840	\$ 61,737,872
Total Liabilities	36,753,424	35,978,688
Operating Revenue	2,302,866	2,341,247
Net Income (Loss) before Depreciation and Amortization	25,201	(62,448)

NOTE 22 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 21, 2022, which is the date the financial statements were available to be issued and has determined that there are no other subsequent events that require disclosure.

**EL CENTRO DE LA RAZA AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Grantor / Entity Identifying Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Direct Programs:				
Child and Adult Care Food Program	10.558	None	\$ -	\$ 130,045
Total U.S. Department of Agriculture			-	130,045
U.S. Department of Housing and Urban Development				
Direct Programs:				
Continuum of Care	14.267	None	-	349
Pass-Through Programs from:				
Local Initiatives Support Corporation				
Section 4 Capacity Building for Community Development and Affordable Housing Enterprise	14.252	None	-	16,880
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	None	-	55,000
Total Section 4 Capacity Building Grants			-	71,880
Pass-Through Programs from:				
City of Seattle Department of Human Services:				
Community Development Block Grant/Entitlement Grants				
Community Development Block Grant	14.218	B-20-MW-53-0005	-	166,667
Old Beacon Hill School Acquisition	14.218	DL 99-R5479	-	625,000
El Centro New Heating/Hot Water Boiler System	14.218	DL 04-1569	-	202,771
Electrical Rehabilitation	14.218	DL 08-1528	-	285,115
Total Community Development Block Grant			-	1,279,553
National Association for Latino Community Asset Builders				
Housing Counseling Assistance Program	14.169	None	-	33,000
Washington State Department of Commerce:				
Housing Counseling Assistance Program	14.169	None	-	14,163
Port of Seattle:				
Housing Counseling Assistance Program	14.169	None	-	75,000
Total Housing Counseling Assistance Program			-	122,163
Total U.S. Department of Housing and Urban Development			-	1,473,945

See accompanying Notes to Schedule of Expenditures of Federal Awards.

EL CENTRO DE LA RAZA AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Grantor / Entity Identifying Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury				
Coronavirus Relief Fund				
Pass-Through Programs from:				
Minority Business Development Agency	21.019	None	\$ -	\$ 12,500
King County Department of Community and Human Services	21.019	None	-	9,268
4Culture	21.019	None	-	24,000
Child Care Resources	21.019	None	-	37,575
Office of Refugees and Immigrant Affairs	21.019	VH-010	-	11,500
Solid Ground	21.019	None	-	52,878
Total Coronavirus Relief Fund			-	147,721
Emergency Rental Assistance Program				
Pass-Through Programs from:				
King County Department of Community and Human Services	21.023	None	-	168,522
City of Seattle	21.023	None	-	496,271
City of Seattle	21.023	None	-	45,939
Washington State Housing Finance Commission	21.023	None	-	24,381
Total Emergency Rental Assistance Program			-	735,113
Total U.S. Department of Treasury			-	882,834
U.S. Department of Education Office of Student Financial Assistance Programs				
Pass-Through Programs from:				
Seattle University				
Federal Work-Study Program	84.033	FWS-CS 2011	-	12,596

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**EL CENTRO DE LA RAZA AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal Grantor / Entity Identifying Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Aging Cluster:				
Pass-Through Programs from:				
City of Seattle, Human Services Department:				
Special Programs for the Aging: Title III, Part C - Nutrition Services	93.045	DA21-1537	\$ -	\$ 75,860
Nutrition Services Incentive Program	93.053	DA21-1537	-	16,436
Total Aging Cluster			-	92,296
Pass-Through Programs from:				
Center for Disease Control				
Networking2Save	93.431	1312-06-20	-	44,669
Healthier Here				
Medicaid Transformation Grants	93.U93	None	-	170,000
Washington State Department of Health				
National State Based Tobacco Control Programs	93.305	CBO22849	-	489
Center for Multicultural Health				
Racial and Ethnic Approaches to Community Health	93.738	None	-	46,239
United Way of King County				
Emergency Food and Shelter National Board Program	97.024	889000-021	-	22,604
Washington Department of Commerce:				
Community Services Block Grant	93.569	F21-32101-011	-	218,245
Community Services Block Grant	93.569	F21-32101C-011	-	205,292
Total Community Services Block Grant			-	423,537
Total U.S. Department of Health and Human Services			-	799,834
Total Expenditures of Federal Awards			\$ -	\$ 3,299,254

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**EL CENTRO DE LA RAZA AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of El Centro de la Raza and Affiliates (the Organization), under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C INDIRECT COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D SUBRECIPIENTS

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

NOTE E LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

El Centro has signed the following notes payable with funds passed through from the U.S. Department of Housing and Urban Development. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2021, consisted of:

Loan Number	ALN	Purpose	Maturity Date	Outstanding Balance
DL-99-R5479	14.218	Building Acquisition	June 30, 2020	\$ 625,000
DL-04-1509	14.218	Boiler System (Federal Portion)	December 31, 2020	202,771
DL-08-1528	14.218	Electrical Rehabilitation	September 30, 2024	285,115
Total Loans with Continuing Compliance Requirements				<u>\$ 1,112,886</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of El Centro de la Raza and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Centro de la Raza 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 El Centro de la Raza and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of the El Centro de la Raza 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.

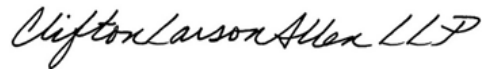
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Bellevue, Washington
November 21, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited El Centro de la Raza and Affiliates' (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on El Centro de la Raza and Affiliates major federal program for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, El Centro de la Raza 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 its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of El Centro de la Raza and Affiliates and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of El Centro de la Raza and Affiliates' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contract or grants applicable to El Centro de la Raza and Affiliates' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on El Centro de la Raza and Affiliates' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about El Centro de la Raza and Affiliates' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding El Centro de la Raza and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of El Centro de la Raza and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 El Centro de la Raza and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Board of Directors
El Centro de la Raza and Affiliates

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 or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 21, 2022

**EL CENTRO DE LA RAZA AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness (es) identified? _____ yes _____ no
- Significant deficiency (ies) identified? _____ yes _____ none reported
3. Noncompliance material to financial statements noted? _____ Yes _____ no

Federal Awards

1. Internal control over major federal programs:
- Material weakness (es) identified? _____ yes _____ no
 - Significant deficiency (ies) identified? _____ yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants
21.023	Emergency Rental Assistance Program

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

\$ 750,000

Auditee qualified as low-risk auditee? _____ yes _____ no

**EL CENTRO DE LA RAZA AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

None.

Section III – Findings and Questioned Costs – Major Federal Programs

None.

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 4,593,734	\$ 8,251	\$ 128,539	\$ 34,862	\$ -	\$ -	\$ 4,765,386
Grants and Contracts Receivable	2,080,929	5,856	-	-	-	-	2,086,785
Other Receivables	168,173	-	-	16,064	-	-	184,237
Tenant Security Deposits	-	2,204	6,251	14,092	-	-	22,547
Tenant Receivables	-	-	15,677	30,369	-	(13,271)	32,775
Prepaid Expenses	141,255	59	5,900	164	-	-	147,378
Due from Affiliated Organizations	68,469	-	10,634	14,047	-	(93,150)	-
Total Current Assets	<u>7,052,560</u>	<u>16,370</u>	<u>167,001</u>	<u>109,598</u>	<u>-</u>	<u>(106,421)</u>	<u>7,239,108</u>
PROPERTY AND EQUIPMENT							
Land and Improvements	821,225	189,970	211,899	-	-	-	1,223,094
Buildings and Improvements	9,544,709	499,803	3,242,621	6,615,471	-	-	19,902,604
Furniture and Equipment	594,868	-	60,691	193,079	-	-	848,638
Accumulated Depreciation	(4,917,485)	(469,207)	(1,891,710)	(1,042,028)	-	-	(8,320,430)
Total Property and Equipment	<u>6,043,317</u>	<u>220,566</u>	<u>1,623,501</u>	<u>5,766,522</u>	<u>-</u>	<u>-</u>	<u>13,653,906</u>
OTHER ASSETS							
Reserves and Restricted Deposits	3,005,485	50,652	207,683	97,508	-	-	3,361,328
Accrued Interest Receivable - Related Party	1,237,108	-	-	-	-	-	1,237,108
Notes Receivable - Related Party, Long-Term	3,441,411	-	-	-	-	-	3,441,411
Investment in Limited Liability Companies	2,431,560	-	-	-	499,384	(2,431,560)	499,384
Predevelopment Costs	635,239	-	-	-	-	-	635,239
Artwork	413,611	-	-	-	-	-	413,611
Unemployment Trust Fund	226,006	-	-	-	-	-	226,006
Total Other Assets	<u>11,390,420</u>	<u>50,652</u>	<u>207,683</u>	<u>97,508</u>	<u>499,384</u>	<u>(2,431,560)</u>	<u>9,814,087</u>
Total Assets	<u>\$ 24,486,297</u>	<u>\$ 287,588</u>	<u>\$ 1,998,185</u>	<u>\$ 5,973,628</u>	<u>\$ 499,384</u>	<u>\$ (2,537,981)</u>	<u>\$ 30,707,101</u>

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
CURRENT LIABILITIES							
Accounts Payable	\$ 54,824	\$ 254	\$ 14,657	\$ 517	\$ -	\$ (13,271)	\$ 56,981
Accrued Liabilities	766,918	678	1,965	-	-	-	769,561
Accrued Interest Payable	-	-	-	10,445	-	-	10,445
Tenant Deposits	3,304	1,000	7,053	19,840	-	-	31,197
Deferred Rent	-	-	1,243	18,869	-	-	20,112
Due to Affiliated Organizations	-	93,150	-	-	-	(93,150)	-
Notes Payable, Current	-	-	-	120,617	-	-	120,617
Deferred Tuition Revenue	125,039	-	-	-	-	-	125,039
Total Current Liabilities	<u>950,085</u>	<u>95,082</u>	<u>24,918</u>	<u>170,288</u>	<u>-</u>	<u>(106,421)</u>	<u>1,133,952</u>
LONG-TERM LIABILITIES							
Notes Payable Less Unamortized							
Debt Issuance Costs	118,100	-	1,661,232	1,713,659	-	-	3,492,991
Deferred Rental Income	-	-	-	2,178,333	-	-	2,178,333
Deferred Loans	1,135,415	84,354	722,260	-	-	-	1,942,029
Deferred Interest	-	10,009	148,113	-	-	-	158,122
Total Long-Term Liabilities	<u>1,253,515</u>	<u>94,363</u>	<u>2,531,605</u>	<u>3,891,992</u>	<u>-</u>	<u>-</u>	<u>7,771,475</u>
Total Liabilities	<u>2,203,600</u>	<u>189,445</u>	<u>2,556,523</u>	<u>4,062,280</u>	<u>-</u>	<u>(106,421)</u>	<u>8,905,427</u>
NET ASSETS							
Without Donor Restrictions:							
Undesignated	17,494,758	98,143	(558,338)	1,911,348	499,384	(2,431,560)	17,013,735
Board-Designated	3,005,485	-	-	-	-	-	3,005,485
Total Without Donor Restrictions	<u>20,500,243</u>	<u>98,143</u>	<u>(558,338)</u>	<u>1,911,348</u>	<u>499,384</u>	<u>(2,431,560)</u>	<u>20,019,220</u>
With Donor Restrictions	1,782,454	-	-	-	-	-	1,782,454
Total Net Assets	<u>22,282,697</u>	<u>98,143</u>	<u>(558,338)</u>	<u>1,911,348</u>	<u>499,384</u>	<u>(2,431,560)</u>	<u>21,801,674</u>
Total Liabilities and Net Assets	<u>\$ 24,486,297</u>	<u>\$ 287,588</u>	<u>\$ 1,998,185</u>	<u>\$ 5,973,628</u>	<u>\$ 499,384</u>	<u>\$ (2,537,981)</u>	<u>\$ 30,707,101</u>

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 2,396,406	\$ 2,677	\$ 133,819	\$ 716	\$ -	\$ -	\$ 2,533,618
Grants and Contracts Receivable	2,130,089	9,229	-	-	-	-	2,139,318
Other Receivables	160,588	20,598	-	-	-	-	181,186
Tenant Security Deposits	-	2,204	6,251	14,078	-	-	22,533
Tenant Receivables	-	-	-	41,607	-	(26,541)	15,066
Prepaid Expenses	19,019	-	1,612	105	-	-	20,736
Due from Affiliated Organizations	78,483	-	21,050	-	-	(99,533)	-
Total Current Assets	<u>4,784,585</u>	<u>34,708</u>	<u>162,732</u>	<u>56,506</u>	<u>-</u>	<u>(126,074)</u>	<u>4,912,457</u>
PROPERTY AND EQUIPMENT							
Land and Improvements	821,225	189,970	211,899	-	-	-	1,223,094
Buildings and Improvements	9,342,796	487,570	3,242,621	6,615,471	-	-	19,688,458
Furniture and Equipment	590,747	-	60,691	193,079	-	-	844,517
Accumulated Depreciation	(4,493,319)	(467,639)	(1,770,357)	(831,579)	-	-	(7,562,894)
Total Property and Equipment	<u>6,261,449</u>	<u>209,901</u>	<u>1,744,854</u>	<u>5,976,971</u>	<u>-</u>	<u>-</u>	<u>14,193,175</u>
OTHER ASSETS							
Reserves and Restricted Deposits	3,517,377	46,647	187,664	87,445	-	-	3,839,133
Contributions Receivable, Long-Term	2,000	-	-	-	-	-	2,000
Accrued Interest Receivable - Related Party	1,122,860	-	-	-	-	-	1,122,860
Notes Receivable - Related Party, Long-Term	3,441,411	-	-	-	-	-	3,441,411
Investment in Limited Liability Companies	2,431,651	-	-	-	499,475	(2,431,651)	499,475
Artwork	413,611	-	-	-	-	-	413,611
Unemployment Trust Fund	177,254	-	-	-	-	-	177,254
Total Other Assets	<u>11,106,164</u>	<u>46,647</u>	<u>187,664</u>	<u>87,445</u>	<u>499,475</u>	<u>(2,431,651)</u>	<u>9,495,744</u>
Total Assets	<u>\$ 22,152,198</u>	<u>\$ 291,256</u>	<u>\$ 2,095,250</u>	<u>\$ 6,120,922</u>	<u>\$ 499,475</u>	<u>\$ (2,557,725)</u>	<u>\$ 28,601,376</u>

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
CURRENT LIABILITIES							
Accounts Payable	\$ 392,568	\$ 1,028	\$ 10,836	\$ 1,536	\$ -	\$ (26,541)	\$ 379,427
Accrued Liabilities	679,748	959	2,515	-	-	-	683,222
Accrued Interest Payable	18,579	-	-	10,445	-	-	29,024
Tenant Deposits	3,305	3,928	6,903	19,840	-	-	33,976
Deferred Rent	9,780	3,452	4,515	-	-	-	17,747
Due to Affiliated Organizations	-	88,301	-	11,232	-	(99,533)	-
Notes Payable, Current	-	-	-	122,567	-	-	122,567
Deferred Revenue	52,500	-	-	-	-	-	52,500
Total Current Liabilities	<u>1,156,480</u>	<u>97,668</u>	<u>24,769</u>	<u>165,620</u>	<u>-</u>	<u>(126,074)</u>	<u>1,318,463</u>
LONG-TERM LIABILITIES							
Notes Payable Less Unamortized Debt Issuance Costs and Current	1,303,069	-	1,661,232	1,737,293	-	-	4,701,594
Deferred Revenue	-	-	-	2,285,833	-	-	2,285,833
Deferred Loans	1,135,415	84,354	722,260	-	-	-	1,942,029
Deferred Interest	-	10,601	135,878	-	-	-	146,479
Total Long-Term Liabilities	<u>2,438,484</u>	<u>94,955</u>	<u>2,519,370</u>	<u>4,023,126</u>	<u>-</u>	<u>-</u>	<u>9,075,935</u>
Total Liabilities	<u>3,594,964</u>	<u>192,623</u>	<u>2,544,139</u>	<u>4,188,746</u>	<u>-</u>	<u>(126,074)</u>	<u>10,394,398</u>
NET ASSETS							
Without Donor Restrictions:							
Undesignated	14,530,984	98,633	(448,889)	1,932,176	499,475	(2,431,651)	14,180,728
Board-Designated	3,517,377	-	-	-	-	-	3,517,377
Total Without Donor Restrictions	<u>18,048,361</u>	<u>98,633</u>	<u>(448,889)</u>	<u>1,932,176</u>	<u>499,475</u>	<u>(2,431,651)</u>	<u>17,698,105</u>
With Donor Restrictions	508,873	-	-	-	-	-	508,873
Total Net Assets	<u>18,557,234</u>	<u>98,633</u>	<u>(448,889)</u>	<u>1,932,176</u>	<u>499,475</u>	<u>(2,431,651)</u>	<u>18,206,978</u>
Total Liabilities and Net Assets	<u>\$ 22,152,198</u>	<u>\$ 291,256</u>	<u>\$ 2,095,250</u>	<u>\$ 6,120,922</u>	<u>\$ 499,475</u>	<u>\$ (2,557,725)</u>	<u>\$ 28,601,376</u>

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
REVENUES AND GAINS							
In-Kind Donations	\$ 628,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,188
Contributions and Grants	2,719,069	-	-	-	-	-	2,719,069
Contracts and Grants - Government	7,360,015	15,394	45,939	-	-	-	7,421,348
Capital Grants	-	-	-	-	-	-	-
United Way	912,549	-	-	-	-	-	912,549
Childcare Tuition	2,508,313	-	-	-	-	-	2,508,313
Rental Income	141,461	23,409	108,488	415,508	-	(159,252)	529,614
Realized Gain (Loss) on Investments	7,980	-	-	-	(91)	91	7,980
Special Event Revenue of \$357,107, Net of Expense of \$51,714	305,393	-	-	-	-	-	305,393
Tenant Charges	-	-	15,271	-	-	-	15,271
Interest Income	116,347	-	19	77	-	-	116,443
Management Fees	70,273	-	-	-	-	(20,318)	49,955
Forgiven Debt	-	592	-	-	-	-	592
Gain on Forgiveness of PPP Loan	1,303,069	-	-	-	-	-	1,303,069
Other Revenue	319,978	16,456	-	18,170	-	-	354,604
Total Revenues and Gains	16,392,635	55,851	169,717	433,755	(91)	(179,479)	16,872,388

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
EXPENSES AND LOSSES							
Program Services:							
Child Development Center	\$ 4,532,176	\$ -	\$ -	\$ -	\$ -	\$ (159,252)	\$ 4,372,924
Food Bank, Referral, Advocacy, and Counseling	3,189,211	-	-	-	-	-	3,189,211
Home Ownership Education	704,608	-	-	-	-	-	704,608
Home Visits	984,214	-	-	-	-	-	984,214
Other Projects	910,758	-	-	-	-	-	910,758
Roberto Maestas Plaza	50,439	-	-	-	-	-	50,439
ECR Housing	-	56,341	-	-	-	(3,411)	52,930
NBHHIA Housing	-	-	279,166	-	-	(16,907)	262,259
Supporting Services:							
Management and General	1,528,076	-	-	-	-	-	1,528,076
Fundraising	554,332	-	-	-	-	-	554,332
Rental of Excess Capacity	213,358	-	-	-	-	-	213,358
ECDLR Community Development	-	-	-	454,583	-	-	454,583
Total Expenses and Losses	<u>12,667,172</u>	<u>56,341</u>	<u>279,166</u>	<u>454,583</u>	<u>-</u>	<u>(179,570)</u>	<u>13,277,692</u>
CHANGE IN NET ASSETS	3,725,463	(490)	(109,449)	(20,828)	(91)	91	3,594,696
Net Assets - Beginning of Year	<u>18,557,234</u>	<u>98,633</u>	<u>(448,889)</u>	<u>1,932,176</u>	<u>499,475</u>	<u>(2,431,651)</u>	<u>18,206,978</u>
NET ASSETS - END OF YEAR	<u>\$ 22,282,697</u>	<u>\$ 98,143</u>	<u>\$ (558,338)</u>	<u>\$ 1,911,348</u>	<u>\$ 499,384</u>	<u>\$ (2,431,560)</u>	<u>\$ 21,801,674</u>

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
REVENUES AND GAINS							
In-Kind Donations	\$ 452,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452,534
Contributions and Grants	3,729,242	-	-	-	-	-	3,729,242
Contracts and Grants - Government	5,730,193	27,106	42,783	-	-	-	5,800,082
United Way	479,732	-	-	-	-	-	479,732
Childcare Tuition	2,356,624	-	-	-	-	-	2,356,624
Rental Income	139,696	32,738	115,159	369,093	-	(159,252)	497,434
Realized Gain (Loss) on Investments	33,297	-	-	-	(103)	(18,765)	14,429
Special Event Revenue of \$381,284, Net of Expense of \$157,815	190,953	-	-	-	-	-	190,953
Tenant Charges	-	-	11,410	-	-	-	11,410
Interest Income	200,503	-	24	973	-	-	201,500
Management Fees	33,049	-	-	-	-	(21,413)	11,636
Forgiven Debt	-	624	-	-	-	-	624
Other Revenue	499,008	12,100	-	19,028	-	-	530,136
Total Revenues and Gains	13,844,831	72,568	169,376	389,094	(103)	(199,430)	14,276,336

EL CENTRO DE LA RAZA AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
EXPENSES AND LOSSES							
Program Services:							
Child Development Center	\$ 4,298,790	\$ -	\$ -	\$ -	\$ -	\$ (159,252)	\$ 4,139,538
Food Bank, Referral, Advocacy, and Counseling	2,566,529	-	-	-	-	-	2,566,529
Home Ownership Education	663,462	-	-	-	-	-	663,462
Home Visits	982,347	-	-	-	-	-	982,347
Other Projects	1,935,366	-	-	-	-	-	1,935,366
Roberto Maestas Plaza	30,814	-	-	-	-	-	30,814
ECR Housing	-	60,063	-	-	-	(5,252)	54,811
NBHHIA Housing	-	-	202,009	-	-	(16,161)	185,848
Supporting Services:							
Management and General	1,558,567	-	-	-	-	-	1,558,567
Fundraising	566,753	-	-	-	-	-	566,753
Rental of Excess Capacity	291,159	-	-	-	-	-	291,159
ECDLR Community Development	-	-	-	370,226	-	-	370,226
Total Expenses and Losses	<u>12,893,787</u>	<u>60,063</u>	<u>202,009</u>	<u>370,226</u>	<u>-</u>	<u>(180,665)</u>	<u>13,345,420</u>
CHANGE IN NET ASSETS	951,044	12,505	(32,633)	18,868	(103)	(18,765)	930,916
Net Assets - Beginning of Year	<u>17,606,190</u>	<u>86,128</u>	<u>(416,256)</u>	<u>1,913,308</u>	<u>499,578</u>	<u>(2,412,886)</u>	<u>17,276,062</u>
NET ASSETS - END OF YEAR	<u>\$ 18,557,234</u>	<u>\$ 98,633</u>	<u>\$ (448,889)</u>	<u>\$ 1,932,176</u>	<u>\$ 499,475</u>	<u>\$ (2,431,651)</u>	<u>\$ 18,206,978</u>



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