



**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

For the Years Ended June 30, 2020 and 2019



HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hacienda Community Development Corporation
Portland, Oregon

We have audited the accompanying consolidated financial statements of Hacienda Community Development Corporation (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hacienda Community Development Corporation as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information, as listed in the table of contents, 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020 on our consideration of Hacienda Community Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Hacienda Community Development Corporation's 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 Hacienda Community Development Corporation's internal control over financial reporting and compliance.



Jones & Roth, P.C.
Hillsboro, Oregon
December 30, 2020

CONSOLIDATED FINANCIAL STATEMENTS

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 3,436,245	\$ 2,734,520
Investments in marketable securities	2,981,510	-
Grants and accounts receivable	808,504	706,712
Prepaid expenses	70,499	90,776
Total current assets	7,296,758	3,532,008
Receivable from related parties	1,233,865	1,450,721
Restricted cash	2,214,564	1,585,473
Security deposits	162,468	123,245
Intangible assets, net	675,234	736,051
Loan receivable	5,685,715	5,685,715
Other long-term receivables	171,268	229,528
Property and equipment, net	30,867,120	27,566,146
Investments in limited partnerships	411,866	411,670
Total assets	\$ 48,718,858	\$ 41,320,557

	<u>2020</u>	<u>2019</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 693,381	\$ 421,083
Accrued interest	77,591	41,652
Deferred revenue	385,291	60,712
Line of credit	50,000	-
Current portion of long-term debt	<u>770,764</u>	<u>379,209</u>
Total current liabilities	<u>1,977,027</u>	<u>902,656</u>
Non-current liabilities		
Security deposit liability	168,132	124,876
Long-term debt, net of current portion and unamortized debt issuance costs	<u>36,595,680</u>	<u>33,590,845</u>
Total non-current liabilities	<u>36,763,812</u>	<u>33,715,721</u>
Total liabilities	<u>38,740,839</u>	<u>34,618,377</u>
Net assets		
Without donor restrictions:		
Undesignated	4,558,921	5,433,853
Board-designated	<u>603,851</u>	<u>603,647</u>
Total without donor restrictions	5,162,772	6,037,500
With donor restrictions	<u>4,815,247</u>	<u>664,680</u>
Total net assets	<u>9,978,019</u>	<u>6,702,180</u>
Total liabilities and net assets	<u>\$ 48,718,858</u>	<u>\$ 41,320,557</u>

The accompanying notes are an integral part of these consolidated financial statements.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Private gifts, grants, and contracts	\$ 330,047	\$ 5,126,114	\$ 5,456,161
Government grants and contracts	1,714,485	-	1,714,485
In-kind contributions	32,796	-	32,796
Service revenue	272,440	-	272,440
Rental income	3,268,471	-	3,268,471
Developer fees	-	-	-
Interest income	141,773	-	141,773
Other income	182,165	-	182,165
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>975,547</u>	<u>(975,547)</u>	<u>-</u>
Total revenue and support	<u>6,917,724</u>	<u>4,150,567</u>	<u>11,068,291</u>
Expenses			
Program services	6,446,427	-	6,446,427
Management and general	1,035,334	-	1,035,334
Fundraising	<u>310,691</u>	<u>-</u>	<u>310,691</u>
Total expenses	<u>7,792,452</u>	<u>-</u>	<u>7,792,452</u>
Change in net assets	(874,728)	4,150,567	3,275,839
Net assets, beginning of year	<u>6,037,500</u>	<u>664,680</u>	<u>6,702,180</u>
Net assets, end of year	<u>\$ 5,162,772</u>	<u>\$ 4,815,247</u>	<u>\$ 9,978,019</u>

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 360,567	\$ 827,089	\$ 1,187,656
1,513,524	-	1,513,524
311,600	-	311,600
246,234	-	246,234
2,850,771	-	2,850,771
270,000	-	270,000
115,836	-	115,836
649,245	-	649,245
<u>458,704</u>	<u>(458,704)</u>	<u>-</u>
<u>6,776,481</u>	<u>368,385</u>	<u>7,144,866</u>
6,061,282	-	6,061,282
739,383	-	739,383
<u>102,029</u>	<u>-</u>	<u>102,029</u>
<u>6,902,694</u>	<u>-</u>	<u>6,902,694</u>
(126,213)	368,385	242,172
<u>6,163,713</u>	<u>296,295</u>	<u>6,460,008</u>
<u>\$ 6,037,500</u>	<u>\$ 664,680</u>	<u>\$ 6,702,180</u>

The accompanying notes are an integral part of these consolidated financial statements.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services					Total Program Services	Management and General	Fundraising	Total Expenses
	Housing Development	Economic Opportunity	Community Economic Development	Youth and Family Support	Asset Management				
Payroll and related expenses:									
Salaries and wages	\$ 250,007	\$ 405,114	\$ 275,416	\$ 607,551	\$ 66,404	\$ 1,604,492	\$ 495,807	\$ 113,159	\$ 2,213,458
Benefits and taxes	42,903	96,575	55,989	146,113	14,487	356,067	94,941	16,249	467,257
Total payroll and related expenses	292,910	501,689	331,405	753,664	80,891	1,960,559	590,748	129,408	2,680,715
Program supplies	720	22,620	12,075	20,286	283,195	338,896	5,900	58,629	403,425
Direct assistance	5,242	11,500	-	24,918	-	41,660	-	25,128	66,788
Travel and related	243	3,487	5,181	7,438	2,238	18,587	7,189	2,611	28,387
Management fees	-	-	11,584	-	214,672	226,256	-	-	226,256
Marketing and outreach	308	11,771	1,767	1,085	7,645	22,576	4,678	185	27,439
Office supplies and expense	4,856	15,127	10,897	7,193	40,319	78,392	19,676	7,029	105,097
Computer supplies and support	2,795	8,119	4,842	9,775	6,500	32,031	15,830	1,213	49,074
Staff development	11,126	4,248	1,532	5,046	540	22,492	25,616	-	48,108
Professional fees	68,309	8,639	86,566	7,848	20,429	191,791	167,543	58,920	418,254
Rent and utilities	3,710	24,818	191,538	34,861	658,456	913,383	24,745	6,425	944,553
Insurance	2,238	6,140	9,737	11,676	73,240	103,031	26,395	739	130,165
Repairs and maintenance	3,878	17,604	111,476	21,753	660,318	815,029	19,444	19,854	854,327
Depreciation and amortization	-	-	62,459	-	1,097,227	1,159,686	13,311	-	1,172,997
Interest	5,000	-	13,225	-	490,696	508,921	114,259	-	623,180
Miscellaneous	-	-	2,780	-	10,357	13,137	-	550	13,687
Total expenses	<u>\$ 401,335</u>	<u>\$ 635,762</u>	<u>\$ 857,064</u>	<u>\$ 905,543</u>	<u>\$ 3,646,723</u>	<u>\$ 6,446,427</u>	<u>\$ 1,035,334</u>	<u>\$ 310,691</u>	<u>\$ 7,792,452</u>

The accompanying notes are an integral part of these consolidated financial statements.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services						Management and General	Fundraising	Total Expenses
	Housing Development	Economic Opportunity	Community Economic Development	Youth and Family Support	Asset Management	Total Program Services			
Payroll and related expenses:									
Salaries and wages	\$ 103,744	\$ 395,194	\$ 254,603	\$ 528,341	\$ 58,905	\$ 1,340,787	\$ 333,616	\$ 41,647	\$ 1,716,050
Benefits and taxes	<u>18,629</u>	<u>96,741</u>	<u>59,956</u>	<u>141,097</u>	<u>13,099</u>	<u>329,522</u>	<u>65,284</u>	<u>7,526</u>	<u>402,332</u>
Total payroll and related expenses	122,373	491,935	314,559	669,438	72,004	1,670,309	398,900	49,173	2,118,382
Program supplies	1,253	19,837	10,939	26,150	242,854	301,033	5,158	12,491	318,682
Direct assistance	11,000	63,500	138	27,467	100	102,205	-	2,000	104,205
Travel and related	100	9,201	5,994	12,733	2,887	30,915	9,928	69	40,912
Management fees	-	-	12,569	-	192,460	205,029	-	-	205,029
Marketing and outreach	672	11,691	4,261	1,979	4,738	23,341	11,209	241	34,791
Office supplies and expense	2,776	7,642	9,831	6,316	34,662	61,227	21,997	1,270	84,494
Computer supplies and support	1,763	5,751	2,102	7,941	6,064	23,621	9,657	402	33,680
Staff development	570	3,406	895	3,084	798	8,753	4,674	60	13,487
Professional fees	49,082	9,765	51,546	9,208	67,781	187,382	103,553	25,663	316,598
Rent and utilities	21,590	26,488	180,439	36,106	516,366	780,989	21,336	1,982	804,307
Insurance	5,795	6,359	12,155	11,277	63,948	99,534	10,413	515	110,462
Repairs and maintenance	9,996	17,377	107,107	19,487	744,016	897,983	12,281	8,163	918,427
Depreciation and amortization	-	-	86,547	-	1,047,811	1,134,358	14,390	-	1,148,748
Interest	5,000	-	14,517	-	462,810	482,327	115,887	-	598,214
Miscellaneous	<u>27,342</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>14,934</u>	<u>52,276</u>	<u>-</u>	<u>-</u>	<u>52,276</u>
Total expenses	<u>\$ 259,312</u>	<u>\$ 672,952</u>	<u>\$ 823,599</u>	<u>\$ 831,186</u>	<u>\$ 3,474,233</u>	<u>\$ 6,061,282</u>	<u>\$ 739,383</u>	<u>\$ 102,029</u>	<u>\$ 6,902,694</u>

The accompanying notes are an integral part of these consolidated financial statements.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash receipts:		
Private gifts, grants, and contracts	\$ 5,479,803	\$ 1,601,207
Government grants and contracts	1,829,818	835,082
Service receipts	223,298	193,773
Rental income	3,261,292	2,880,226
Developer fees	-	270,000
Interest income	113,943	88,007
Other income	273,204	211,277
	<u>11,181,358</u>	<u>6,079,572</u>
Cash disbursements:		
Payroll and related expenses	2,638,334	2,095,566
Interest expense	597,553	604,024
Other operating expenses	3,005,487	2,869,653
	<u>6,241,374</u>	<u>5,569,243</u>
Net cash provided by operating activities	<u>4,939,984</u>	<u>510,329</u>
Cash flows from investing activities		
Acquisition of property and equipment	(1,599,135)	(692,760)
Acquisition of equity interest in Villas de Mariposas LP	173,390	-
Proceeds from settlement of construction defects lawsuit	-	438,000
Receipts on related party receivables	162,462	65,973
Acquisition of investment in marketable securities	(2,981,510)	-
Investments in limited partnerships	(49)	-
	<u>(4,244,842)</u>	<u>(188,787)</u>
Net cash used by investing activities	<u>(4,244,842)</u>	<u>(188,787)</u>
Cash flows from financing activities		
Additions to net loan fees	10,761	(14,814)
Net proceeds from short-term debt	50,000	-
Proceeds from long-term debt	1,925,141	430,529
Principal payments on long-term debt	(1,350,228)	(377,232)
	<u>635,674</u>	<u>38,483</u>
Net cash provided by financing activities	<u>635,674</u>	<u>38,483</u>
Net increase in cash and cash equivalents and restricted cash	<u>1,330,816</u>	<u>360,025</u>
Cash and cash equivalents and restricted cash, beginning of year	<u>4,319,993</u>	<u>3,959,968</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 5,650,809</u>	<u>\$ 4,319,993</u>
Supplemental cash flow information		
Cash paid during the year for interest	<u>\$ 597,553</u>	<u>\$ 604,024</u>

The accompanying notes are an integral part of these consolidated financial statements.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The Organization

Hacienda Community Development Corporation (Hacienda or the Organization), an Oregon nonprofit corporation established in 1986, is a Latino Community Development Corporation that strengthens families by providing affordable housing, homeownership support, economic advancement and educational opportunities for all.

In service of this mission, Hacienda has been providing safe, affordable housing, supportive education and economic development programs to Portland's Latino community for more than thirty years. Hacienda currently owns and operates 381 units of affordable housing serving an estimated 1,500 residents and roughly 1,800 additional clients through a variety of programs throughout Multnomah, Washington and Clackamas counties – over 60 percent of whom identify as Latino/Hispanic. Residents earn less than 60 percent of the area median income and more than half of the properties' occupants are school-aged youth. Hacienda distinguishes itself from other affordable housing developers by offering culturally specific programs for residents and the community at large aimed at youth development, education, asset building, financial education, and entrepreneurship. Hacienda's motto is *Purpose in Action*.

Summary of Programs

In addition to providing safe, affordable housing, Hacienda adheres to a proven model for success that focuses on education from birth through adulthood coupled with community economic development initiatives. The programs provide critical support to low-income children and strengthen entire families in order to reach the long-term goal of increased assets and self-sufficiency. Hacienda's core programs are Affordable Housing, Economic Opportunity (homeownership support and financial capabilities), Community Economic Development, and Youth and Family Support Services.

Affordable Residential and Commercial Property Development and Management

Developing and maintaining quality, affordable housing is at the core of Hacienda's mission. Hacienda's buildings are more than just housing, they are places where families can live and thrive in safe, supportive, community-centered environments. One- to four- bedroom townhomes and apartments are built around community centers, gardens, and playgrounds. Resident youth and adults have access to on-site educational and asset-building programs designed to strengthen the economic, physical, and emotional health of families. The Organization's presence as an affordable housing provider has created stable homes for hundreds of families living in some of the most diverse and economically neglected areas of North and Northeast Portland, Oregon.

The nine core properties that Hacienda manages are Los Jardines de La Paz, Villa de Clara Vista, Villas de Mariposas, Villa de Sueños, Vista de Rosas, Plaza de Cedros, Clara Vista Townhomes, Plaza Los Robles, and Miraflores. The Organization also developed and operates the administrative office building which includes three commercial spaces; the Portland Mercado, a small business and food services incubator, public market, plaza, and food cart pod; and the Baltazar F. Ortiz Community Center (Ortiz Center), a commercial facility which houses a county health clinic and family resource center. The Ortiz Center places important Multnomah County health and social service programs in the heart of an at-risk community ensuring residents can access the health care they need. Hacienda manages the Ortiz Center and the office building and oversees and directs a third party property management company for the day-to-day management of the residential properties and the Portland Mercado.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The Organization, continued

Summary of Programs, continued

Affordable Residential and Commercial Property Development and Management, continued

As of June 30, 2020, Hacienda had secured the majority of the required funding to support its next project of 142 units in Northeast Portland. Additionally, it is partnering with another organization to develop a property with 224 units in Gresham, Oregon. The latter development commenced construction in January 2020 and is expected to be completed in the fall of 2021.

Youth and Family Support Services

Hacienda's Youth and Family Support programs focus on providing educational and social support to children and parents. The programs promote healthy and vibrant parent-child relationships, helping children reach their full potential and giving parents the tools to support their child's educational and emotional development. Hacienda's bilingual and bicultural staff, in collaboration with other culturally specific community partners, administer all Youth and Family Support programs.

Expresiones, the Organization's afterschool program, serves residents in grades kindergarten through 8th grade at five of Hacienda's affordable housing communities. The program offers youth bilingual academic support, culturally specific enrichment activities, and summer programming. Expresiones staff also work closely with parents to support them with resources and often facilitates greater connections to neighborhood schools.

Portland Niños, an early childhood education program, serves Latino children throughout Multnomah County and uses the "Parents as Teachers" curriculum. The program aims to reduce the academic and health disparities experienced by Latino and immigrant children by providing support for families with children from birth to age five. Parents participate in biweekly parenting support groups, educational workshops, and biweekly home visits from Hacienda's Parent Educators to monitor the child's health and development.

The SUN Youth Advocacy (SYA) program places case managers in Portland Public Schools to provide culturally appropriate support to at-risk Latino middle-schoolers. SYA provides academic support and cultural enrichment opportunities to 100 youth annually.

Hacienda's Innovation Labs is a new program launched in 2020 which serves middle and high school youth as well as adults with digital literacy, workforce readiness and STEM education programming. When fully developed, Hacienda will have three innovation labs within the City of Portland which will be outfitted with the latest technology and dedicated space to learn, play and explore. Programming will also be offered virtually.

The Resident Services program offers support to tenants of Hacienda's 381 units of affordable housing. Resident Services staff provide essential resources such as rent and utility assistance and generally work to prevent eviction. Staff also run a weekly food pantry and connect families to critical transportation assistance in the form of bus passes. Community engagement through focus groups and community events is also a key component of Resident Services programming.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The Organization, continued

Summary of Programs, continued

Economic Opportunity Program

Started in 2006, the Economic Opportunity program forms a central piece of Hacienda's strategy to help families build and protect their assets. As a HUD-approved housing counseling agency with a team of certified counselors, Hacienda staff provide financial coaching and work with families one-on-one to assist them in making the best financial choices for their household. The programs take a client-specific, coaching-based approach which puts the client's needs at the center of the work. This technique has been shown to substantially increase the number of participants successfully reaching their goals. The idea of financial capability goes beyond traditional financial education. It enables clients to build the necessary financial skills that lead to behavior change, in addition to learning how to find and access high quality financial products and services. This work is inspired by the prospect of a community in which families can empower themselves to build and retain financial assets, become financially literate, and position themselves for future prosperity.

Hacienda is a national affiliate and active member of the UnidosUS Homeownership Network, the largest family of community-based organizations working together to empower Latino wealth-building through homeownership. Many of the services are offered free of charge and are available to all Oregon residents. The Economic Opportunity group consists of three programs: Camino a Casa/Pre-Purchase, Foreclosure Prevention, and Mortgage Lending.

The Camino A Casa/Pre-Purchase program prepares prospective homebuyers for owning a first home. Clients work closely with financial coaches and HUD-certified housing counselors throughout the entirety of the home-buying process. In addition to mortgage-readiness and financial fitness workshops, they provide a number of opportunities for down-payment assistance. Clients can also join Lending Circles to improve their credit, and are assisted with opening Individual Development Accounts (IDA's) which provide 3-1 matching dollars for down payments.

The Foreclosure Prevention program provides support to homeowners at risk of foreclosure. This is accomplished by means of a holistic and coaching-based approach in which possible solutions for home retention are identified and explored. Services are free of charge.

Hacienda Home Mortgage offers multiple lending products such as Conventional, FHA, VA, and USDA. Hacienda can do lending for single family homes, manufactured housing or multi-family properties up to four units. Lending is available for first-time homebuyers or for those who need to refinance their homes.

Portland Mercado and Entrepreneurship (Community Economic Development)

The Portland Mercado and Empresarios program gives current and aspiring entrepreneurs the tools they need to launch or expand their businesses. Working in group classes and one-on-one with experienced business coaches, business owners learn new skills and connect with industry experts to help them on their path to success. Classes and coaching are offered in both English and Spanish, and the program serves primarily low-income entrepreneurs of color, immigrant, and woman entrepreneurs.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The Organization, continued

Summary of Programs, continued

Portland Mercado and Entrepreneurship (Community Economic Development), continued

A focal point of the program is the Portland Mercado, Portland's first Latino Public Market. Since its opening in 2015, the Portland Mercado has provided access to affordable retail spaces and a commissary kitchen. The space serves 70+ food businesses each year, focusing on the foods of Latin America and Latinx entrepreneurs. The Portland Mercado also hosts a variety of community, cultural, and artistic events and performances. Dedicated to building bridges between cultures through food, art, and entertainment, the Portland Mercado is a beloved cultural institution in the city.

Since the onset of the COVID-19 pandemic, all staff have joined together to provide information and assistance to Hacienda's immediate community as well as to other groups in the Portland Metro area. These activities have taken on many forms, including the following:

- Partnering with Portland Public Schools to distribute breakfasts and lunches to students while schools were operating on remote learning mandates.
- Distribution of food and diapers to families to minimize the need for them to use scarce resources for those necessities.
- Solicitation and securing of funds to cover a substantial portion of the rents for the Portland Mercado tenants when operation of food businesses was significantly curtailed by state orders.
- Creation of a partnership whereby donors agreed to fund meals provided by Portland Mercado food businesses that were then delivered to at-risk women staying in temporary shelters that had no cooking facilities.
- Cooperation with Oregon Health Authority to provide education and supplies to the community to reduce the spread of the virus.

The Organization continues to work with local organizations to help distribute various forms of assistance that are available, and to adapt to the changing environment and working conditions, in order to serve the community at the highest possible level.

2. Summary of Significant Accounting Policies

Recent Accounting Standards Adopted

During the year ended, June 30, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 *Not-for-Profit Entities* (Topic 958) to clarify the scope and accounting guidance for contributions made and received. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions. The standard effectively excludes contributions from the requirements of ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued clarifying ASUs. The Organization adopted the new standard effective July 1, 2019, using a modified prospective approach in these financial statements. No change to previously recognized revenue and no change to beginning net assets was required as a result of adopting ASU No. 2018-08. The Organization elected to delay implementation of ASU No. 2014-09 pursuant to ASU No. 2020-05 which delayed the implementation date for the Organization to July 1, 2020.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Recent Accounting Standards Adopted, continued

During the year ended June 30, 2020, the Organization also adopted the provisions of FASB ASU No. 2016-18 *Statement of Cash Flows – Restricted Cash*. FASB ASU 2016-18 requires that the statement of cash flows explain the change during the period in total cash and cash equivalents and the amounts generally described as restricted cash. Therefore, the amounts generally described as restricted cash have been reclassified in the statement of cash flows. The standard was applied on a retrospective basis; therefore, the June 30, 2019 financial statements have been restated to conform to the presentation and disclosure requirements of ASU 2016-18.

Basis of Consolidation

The consolidated financial statements include the accounts of the following entities. All significant inter-organization amounts have been eliminated in consolidation.

- Hacienda Community Development Corporation
- Villa de Clara Vista Limited Partnership
- Villa de Sueños Limited Partnership
- Vista de Rosas, LLC
- Los Jardines de la Paz, Limited Partnership
- Los Jardines II, LLC
- Villas de Mariposas Limited Partnership
- Villas de Mariposas II, LLC
- Hacienda Rockwood, LLC
- Hacienda QALICB, LLC
- Portland Mercado, LLC
- Comunidad Viva
- HCDC IV, LLC
- Miraflores GP, LLC

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as net assets with or without donor restrictions. Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time.

Cash and Cash Equivalents

The Organization considers all short-term, highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Restricted cash is reported separately (see Note 3).

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Receivables

Receivables are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of outstanding receivable balances, with consideration given to credit history and current relationships with the related debtors, management has concluded that any realized losses on balances outstanding at year-end will be immaterial. Contributions are recorded when the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Property and Equipment

Additions to property and equipment in excess of \$5,000 with an estimated useful life of three years or more are capitalized. Property and equipment are stated at cost or fair value on the date of donation. Cost includes expenditures for additions and major improvements as well as interest costs incurred during construction.

Depreciation is computed by the straight-line method over the estimated useful lives of the related assets, which are as follows:

Buildings	30 - 40 years
Office furniture and equipment	3 - 7 years

Investments in Limited Partnerships

Investments in limited partnerships are accounted for under the equity method, as the Organization has "significant influence" over the operations of the limited partnerships. Under the equity method, the initial investment is recorded at cost and is increased or decreased by the Organization's share of income or losses, increased by contributions, and decreased by distributions.

Management reviews the interests in the partnerships for possible impairment in value whenever events or circumstances indicate the carrying value of the investment may not be recoverable. If there was an indication of impairment, management would prepare an estimate of cash flows expected to be collected from the partnership. If these cash flows were less than the investment in the partnership, a loss would be recognized to write down the investment. No such evidence of impairment was noted in the years ended June 30, 2020 and 2019. See Note 18 for impairment of property before acquisition.

Investments in Marketable Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying financial statements as described in Note 11.

Unrealized gains and losses are included in the change in net assets without donor restrictions.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments in Marketable Securities, continued

Investment earnings and realized gains and losses are reported as increases or decreases in net assets without donor restrictions or net assets with donor restrictions in the reporting period in which the income and gains or losses are recognized. When restrictions are met (either by passage of time or by use), the income, gain or loss is transferred to net assets without restrictions in the reporting period in which the donor restrictions are met.

Deferred Revenue

Deferred revenue represents fees received in advance of the services being performed. This revenue is recognized in the period the services are performed.

Public Support, Revenue, and Other Income

Public support, revenue, and other income are considered to be available for unrestricted use unless specifically restricted by the donor or funding source. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

In-kind Contributions

Donations of property, equipment, materials, and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions include \$32,796 and \$311,600 for the years ended June 30, 2020 and 2019, respectively.

Income Taxes

The Organization is exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Accordingly, no income tax provision is recorded. The Organization is not a private foundation.

The Organization follows the provisions of FASB Accounting Standards Codification (ASC) Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this topic.

The partnerships and limited liability companies are not tax-paying entities for federal or state income tax purposes; accordingly, a provision for income taxes has not been recorded in the accompanying consolidated financial statements. Partnership income or losses are reflected in the partners' individual or corporate income tax returns in accordance with their ownership percentages.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

The Organization follows the Fair Value Measurements topic of the FASB Accounting Standards Codification (ASC), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability, based upon a fair value hierarchy which requires the Organization to maximize the use of observable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are:

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Inputs to the valuation methodology that are other than quoted prices in active markets that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs to the valuation methodology that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts for cash, cash equivalents, and grants and accounts receivable in the accompanying financial statements approximate fair values because of the short maturities of those financial investments. The fair value of investments in marketable securities is estimated based on quoted market prices for those investments (Level 1 input).

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Direct expenses are allocated using distinct cost centers. Indirect expenses are allocated using rates based on employee full-time equivalents (FTE). Occupancy expenses are allocated using rates based on square footage. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Liquidity and Availability of Resources

Hacienda CDC's financial assets available for general expenditure, that is, without donor, board, or other restrictions limiting their use, within one year from the statement of financial position date, include cash and accounts receivable in the amount of \$2,161,036 and \$2,324,512 as of June 30, 2020 and 2019, respectively.

Hacienda has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 90 days of normal operating expenses. Additionally, it has a committed line of credit in the amount of \$350,000, which could be drawn upon in the event of an unanticipated liquidity need. See Note 12.

3. Restricted Cash

Restricted cash includes various construction, maintenance, operating, replacement, escrow, and loan reserves required to be maintained according to provisions of debt and other agreements. These reserves totaled \$2,214,564 and \$1,585,473 at June 30, 2020 and 2019, respectively.

4. Grants, Accounts, and Other Receivables

Grants, accounts, and other receivables are unsecured. At June 30, grants, accounts, and other receivables consisted of the following:

	<u>2020</u>	<u>2019</u>
Grants and contracts receivable:		
Portland Children's Levy	96,577	89,826
Latino Network	37,074	54,338
Harbourton Foundation	100,000	50,000
Legacy Health	100,000	-
Verde, Inc.	-	140,000
Other grants and contracts	158,770	45,068
Accounts receivable	<u>316,083</u>	<u>327,480</u>
Total grants, accounts, and other receivables	<u>\$ 808,504</u>	<u>\$ 706,712</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Other Long-term Receivables

During 2014, the Organization entered into a 5-year ground lease agreement with annual lease payments of \$1 per year. The difference between the cash outlay and the fair value of the lease was recognized as a donation and a receivable in the consolidated financial statements as of June 2014 and was expensed on a straight-line basis over the lease term. The lease was renewed during 2019 for an additional 5-year term. The difference between the cash outlay and fair value of the lease, discounted to present value, was recognized as a donation and a receivable in the consolidated financial statements for the year ended June 30, 2019. The balance is being expensed on a straight-line basis over the term of the lease. The total donation recognized for the years ended June 30, 2020 and 2019, was \$-0- and \$291,300, respectively, of which \$171,268 and \$229,528 was a long-term receivable as of June 30, 2020 and 2019, respectively.

6. Receivable from Related Parties

At June 30, receivable from related parties consisted of the following:

Related Party/Security	Monthly Payment	Interest Rate	Maturity Date	2020	2019
Notes receivable: (Note 10)					
Clara Vista Townhomes LP					
Subordinate trust deed on real property	(a)	3.00%	Dec 2045	\$ 186,755	\$ 287,922
Miraflores Development LP					
Trust deed on real property	(a)	3.00%	Jun 2048	65,000	65,000
Trust deed on real property	(a)	4.35%	Dec 2040	396,379	396,379
Total notes receivable				<u>648,134</u>	<u>749,301</u>
Development fees receivable:					
Villas de Mariposas LP (b)				-	119,685
Management fees receivable:					
Clara Vista Townhomes LP				364,946	180,442
Miraflores Development LP				20,220	19,567
Villas de Mariposas LP				-	91,104
Total management fees receivable				<u>385,166</u>	<u>291,113</u>
Accrued interest:					
Clara Vista Townhomes LP				12,956	115,259
Miraflores Development LP				116,219	105,494
Total accrued interest				<u>129,175</u>	<u>220,753</u>
Other accounts receivable:					
Clara Vista Townhomes LP				33,972	33,972
Villas de Mariposas LP				-	35,367
Other				37,418	530
Total other accounts receivable				<u>71,390</u>	<u>69,869</u>
Total accounts receivable from related parties				<u>\$ 1,233,865</u>	<u>\$ 1,450,721</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Receivable from Related Parties, continued

- (a) Interest accrues; principal and interest payments are cash flow dependent.
- (b) By the terms of the Partnership Agreement for Villas de Mariposas LP, as amended in 2015, the Organization was obligated to deposit an amount equal to any unpaid developer fees as of December 31, 2019, into the partnership and to then cause the developer fee to be paid from those funds by January 30, 2020. Amount was paid in full in December 2019. See also Note 18.

7. Intangible Assets

At June 30, intangible assets consisted of the following:

	2020	2019
Tax credit financing and professional fees	\$ 1,071,714	\$ 1,060,988
Less accumulated amortization	(396,480)	(324,937)
Intangible assets, net	\$ 675,234	\$ 736,051

8. Loan Receivable

As part of a New Markets Tax Credit project of the Organization, Comunidad Viva loaned \$5,685,715 to Enhanced Capital Oregon NMTC Investment Fund V, LLC on November 14, 2014. The loan is collateralized by a 99.99 percent membership interest in Enhanced Capital New Market Development Fund XVIII, LLC, accrues interest at 1.4417 percent, and interest only payments are due quarterly. The balance is due upon maturity in December 2044.

9. Property and Equipment

At June 30, property and equipment, pledged as collateral for the Organization's long-term debt (Note 13), consisted of the following:

	2020	2019
Land and land improvements	\$ 4,155,566	\$ 3,748,270
Building and improvements	32,557,121	30,113,896
Furniture and equipment	881,107	882,607
Construction in process	5,485,733	3,949,885
	43,079,527	38,694,658
Less accumulated depreciation	(12,212,407)	(11,128,512)
Property and equipment, net	\$ 30,867,120	\$ 27,566,146

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Investments in Limited Partnerships and Limited Liability Companies

Hacienda is affiliated with the following organizations either directly as General Partner or indirectly through a disregarded entity that is the General Partner. Profits and losses are shared in accordance with the ownership percentages.

<u>Organization</u>	<u>Disregarded Entity</u>	<u>Entity Type</u>	<u>Ownership Percentage</u>	<u>Property Size</u>	<u>Property Type</u>
<i>Direct ownership:</i>					
Villas de Mariposas LP ^(a)			0.01%	71 units	Multi-family
<i>Indirect ownership:</i>					
Clara Vista Townhomes LP	HCDC IV, LLC	LLC	0.01%	44 units	Multi-family
Miraflores Development LP	Miraflores GP, LLC	LLC	0.01%	32 units	Multi-family
	Hacienda				
Rockwood 10 LP	Rockwood, LLC	LLC	0.0049%	224 units	Multi-family

^(a) Until December 31, 2019. See Note 18.

Villas de Mariposas Limited Partnership

In 2001, the Organization acquired several rental properties in Northeast Portland for development into 71 low-income housing units. In August 2002, Villas De Mariposas, L.P. (VDM) was formed to acquire, develop, own, and operate Villas de Mariposas Apartments. See Note 18 regarding assignment of partnership interest to Hacienda CDC on December 31, 2019.

Clara Vista Townhomes Limited Partnership

In December 2003, Clara Vista Townhomes Limited Partnership (CVTLP) was formed to acquire, develop, own, and operate Clara Vista Townhomes, a 44-unit, low-income housing project located in Portland, Oregon. In February 2004, HCDC IV, LLC was formed to become the General Partner for CVTLP. CVTLP will terminate no later than December 31, 2065.

As part of the formation of CVTLP in February 2005, the Organization received several grants for the development of the project, totaling approximately \$287,900. The Organization, in turn, loaned CVTLP approximately \$287,900. (Note 6).

Miraflores Development Limited Partnership

In June 2003, the Organization acquired property in the Portsmouth neighborhood of North Portland for development of low-income housing units. In August 2007, Miraflores Development Limited Partnership (MDLP) was formed to complete, acquire, develop, own, and operate the Miraflores Apartments, a planned 32-unit, low-income housing project in Portland, Oregon. The partnership will terminate no later than December 31, 2087.

As part of the formation of MDLP in June 2008, Prosper Portland (formerly the Portland Development Commission) loaned the Organization approximately \$396,500 as an “equity gap” contribution (Note 13) and Multnomah County provided a grant of \$65,000. The proceeds from both of these transactions were loaned to MDLP (Note 6).

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Investments in Limited Partnerships and Limited Liability Companies, continued

Rockwood 10 Limited Partnership

In March 2019, Rockwood 10 Limited Partnership was formed to acquire, develop, own, and operate Rockwood 10, a 224-unit, low-income housing project located in Portland, Oregon. In December 2019, Hacienda Rockwood, LLC was formed to become a General Partner for Rockwood 10 Limited Partnership.

Investments in limited partnerships and limited liability companies, accounted for under the equity method, consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Villas de Mariposas LP	\$ -	\$ (187)
Clara Vista Townhomes LP	18,668	18,685
Miraflores Development LP	393,149	393,172
Rockwood 10 LP	<u>49</u>	<u>-</u>
Total investments in limited partnerships and limited liability companies	<u>\$ 411,866</u>	<u>\$ 411,670</u>

The limited partners of the limited partnerships retain substantive participation rights; therefore, consolidation of the limited partnerships is not required.

Summary financial information of the limited partnerships as compiled from their December 31, 2019, audited financial statements is as follows:

	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Net Loss</u>
Villas de Mariposas LP	\$ 5,639,340	\$ 3,025,658	\$ (83,944)
Clara Vista Townhomes LP	5,070,573	3,509,196	(168,274)
Miraflores Development LP	5,858,934	1,610,147	(228,033)

Summary financial information of the limited partnerships as compiled from their December 31, 2018, audited financial statements is as follows:

	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Net Loss</u>
Villas de Mariposas LP	\$ 5,835,993	\$ 3,258,052	\$ (121,860)
Clara Vista Townhomes LP	5,282,910	3,553,259	(104,156)
Miraflores Development LP	6,025,524	1,548,704	(148,801)

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Investments in Limited Partnerships and Limited Liability Companies, continued

Summary financial information of Rockwood 10 LP as of December 31, 2019 are as follows. This entity was not subject to an audit and amounts were obtained from the December 31, 2019 federal Form 1065 tax return.

	Total Assets	Total Liabilities	Net Loss
Rockwood 10 LP	\$ 12,578,391	\$ 6,390,217	\$ -

11. Investments in Marketable Securities

The Organization's investments are stated at fair value measured using Level 1 inputs (see Note 2). The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2020:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,981,510	\$ -	\$ -	\$ 2,981,510

There were no investments in marketable securities as of June 30, 2019.

12. Operating Line of Credit

The Organization has a \$350,000 unsecured line of credit with Wells Fargo Bank that matures February 1, 2021. The interest rate was prime plus 1.5 percent and a minimum interest rate of 5.0 percent. The interest rate as of June 30, 2020 and 2019 was 5.0 percent and 7.0 percent, respectively. There was \$50,000 and \$-0- outstanding advances on the line at June 30, 2020 and 2019, respectively.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Long-term Debt

At June 30, long-term debt consisted of the following:

<u>Lender/Property Security</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2020 Loan Balance</u>	<u>2019 Loan Balance</u>
Portland Housing Bureau:					
Los Jardines (equity gap)	(a)	0.00%	Dec 2052	\$ 296,345	\$ 328,949
Los Jardines		3.00%	Jan 2033	263,678	263,678
Los Jardines	1,979	2.81%	Mar 2032	298,782	311,873
Plaza de Cedros (equity gap)	(a)	0.00%	Upon sale	231,258	231,258
Miraflores	(a)	0.00%	Dec 2040	348,433	348,433
Villa de Clara Vista	(a)	0.00%	May 2050	5,113,396	5,113,396
Villa de Clara Vista	713	1.00%	May 2029	71,449	77,684
Villa de Sueños	843	3.00%	Aug 2029 ^(d)	-	125,230
Villa de Sueños (equity gap)	(a)	0.00%	Aug 2029	117,901	117,901
Villa de Sueños (equity gap)	(a)	0.00%	None	1,125,000	1,125,000
Villa de Sueños	4,545	4.00%	Jun 2031	496,108	524,496
Villa de Sueños	(a)	0.00%	Jun 2041	692,330	702,753
Vista de Rosas	(a)	0.00%	Mar 2045	1,332,996	1,347,582
Vista de Rosas	5,627	5.00%	Mar 2035	1,050,760	1,062,969
Hacienda Office Building	12,113	5.00%	Sept 2035	2,269,725	2,298,208
Las Adelitas	(e)	0.00%	Sept 2021	785,692	-
Villas de Mariposas	3,056	3.00%	Feb 2035	439,055	-
Villas de Mariposas	(a)	0.00%	Feb 2045	268,345	-
Prosper Portland:					
Portland Mercado	(a)	0.00%	May 2025	395,123	395,123
Portland Mercado	2,466	3.25%	May 2025	437,023	448,362
Living Cully Plaza/Las Adelitas	Interest only	3.25%	Sept 2020	289,123	283,913
Network for Oregon Affordable Housing:					
Plaza de Cedros	2,015	3.75%	Sep 2034	266,551	280,446
Los Jardines	8,527	4.17%	Jan 2033	1,000,547	1,059,803
Villas de Mariposas	16,618	5.21%	June 2035	2,072,687	-
USDA:					
Plaza Los Robles	1,990	1.00%	Oct 2039	421,337	440,901
Plaza Los Robles	1,228	1.00%	Oct 2039	259,990	272,062
Clackamas County:					
Plaza Los Robles	(a)	0.00%	Upon sale	400,000	400,000
Beneficial State Bank:					
Baltazar Ortiz Center	7,153	4.50%	June 2028	1,220,186	1,249,467
Villa de Sueños	3,234	4.00%	Sept 2049	663,950	-
Wells Fargo Bank:					
Unsecured	Interest only	2.00%	Nov 2024	250,000	250,000
Partnerships of Hope VIII, LLC:					
Hacienda QALICB	(b)	1.00%	Dec 2044	7,063,000	7,063,000
Hacienda QALICB	(c)	1.00%	Dec 2044	2,637,000	2,637,000
Key Bank National Association:					
Villa de Sueños	2,610	3.49%	Sep 2019 ^(d)	-	268,292
Villa de Sueños	2,976	7.29%	Sep 2019 ^(d)	-	258,887
Raza Development Fund, Inc.:					
Villa de Clara Vista	16,798	6.50%	Jul 2023	1,795,137	1,863,816
Living Cully Plaza/Las Adelitas	Interest only	6.00%	Jul 2021	3,045,061	2,842,760
Other loans					
	126	3.00%	Feb 2034	72,603	73,454
				<u>37,490,568</u>	<u>34,066,696</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Long-term Debt, continued

Unamortized debt issuance costs	(124,127)	(96,642)
Total long-term debt, net of unamortized debt issuance costs	<u>\$ 37,366,444</u>	<u>\$ 33,970,054</u>
	<u>2020</u>	<u>2019</u>
Current portion	\$ 770,764	\$ 379,209
Long-term portion	36,719,807	33,687,487
Unamortized debt issuance costs	<u>(124,127)</u>	<u>(96,642)</u>
Total long-term debt, net of current portion and unamortized debt issuance costs	<u>\$ 37,366,444</u>	<u>\$ 33,970,054</u>

- (a) Repayment based upon excess cash flow.
- (b) Quarterly interest only payments through December 2021; thereafter quarterly principal and interest of \$86,034.
- (c) Quarterly interest only payments through December 2021; thereafter quarterly principal and interest of \$32,121.
- (d) Refinanced in September 2019 with Beneficial Bank, with monthly installments of \$3,234, including interest at 4.0%, due September, 2049.
- (e) Repayment due and payable in full on the earlier to occur of (i) September 30, 2021; or (ii) the first disbursement of funds under the Construction Loan or any other construction or permanent financing from the Lender

Interest has not been imputed on any of the above notes payable that carry below market rate interest as they are payable to governmental entities or related parties and carry legal restrictions. The restrictions require the Organization to use the property for low-income housing, as defined by the notes' regulatory agreements.

Scheduled future principal payments on long-term debt are summarized below:

<u>Year Ending June 30,</u>	
2021	\$ 770,764
2022	4,522,528
2023	999,616
2024	2,460,495
2025	1,594,673
Thereafter	19,340,094
Cash flow contingent payments	<u>7,802,401</u>
Total	<u>\$ 37,490,571</u>

Included in the future principal payments thereafter in the schedule above are \$2,118,937 and \$2,151,541 of equity-gap loans at June 30, 2020 and 2019, respectively.

Loan Covenants

The Organization maintains debt agreements with several financial institutions that have varying debt covenants.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Board-designated Net Assets

Board-designated net assets as of June 30, 2020 and 2019, totaled \$603,851 and \$603,647, respectively, and are cash reserves being held for future use.

15. Net Assets with Donor Restrictions

At June 30, net assets with donor restrictions were restricted as follows:

	<u>2020</u>	<u>2019</u>
Community economic development	\$ 260,166	\$ 183,702
Youth and family support	4,192,333	86,055
Economic opportunity	24,968	49,507
Capacity building	53,983	135,569
Housing development	273,769	209,847
Other purpose restriction	<u>10,028</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 4,815,247</u>	<u>\$ 664,680</u>

As of June 30, 2020 and 2019, there were no donor restricted funds held in perpetuity.

16. Retirement Plan

The Organization has a tax-deferred retirement plan pursuant to Section 404(c) of the Internal Revenue Code. The Board determines the Organization's match percentage annually, approving 2 percent for the years ended June 30, 2020 and 2019. Contributions to the plan for the years ended June 30, 2020 and 2019, totaled approximately \$35,000 and \$25,000, respectively.

17. Related Party Transactions

See Notes 6, 10, and 13 regarding investments in limited partnerships and limited liability companies.

In accordance with various agreements (e.g., the Limited Partnership agreement, loan agreements, etc.), the Organization accrues resident services fees, annual management fees, interest on sponsor loans, and developer fees from related parties.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Related Party Transactions, continued

The table below summarizes revenues earned for the year ended June 30, 2020:

	Resident Services Fees	Asset Management Fees	Interest Income	Developer Fees and Other Misc.	Total
Clara Vista Townhomes LP	\$ 23,545	\$ 30,706	\$ 8,638	\$ 4,863	\$ 67,752
Miraflores Development LP	7,967	13,641	19,192	-	40,800
Villas de Mariposas LP (through 12/31/19)	<u>8,296</u>	<u>4,795</u>	<u>-</u>	<u>-</u>	<u>13,091</u>
	<u>\$ 39,808</u>	<u>\$ 49,142</u>	<u>\$ 27,830</u>	<u>\$ 4,863</u>	<u>\$ 121,643</u>

The table below summarizes revenues earned for the year ended June 30, 2019:

	Resident Services Fees	Asset Management Fees	Interest Income	Developer Fees and Other Misc.	Total
Clara Vista Townhomes LP	\$ 22,859	\$ 29,811	\$ 8,638	\$ 4,783	\$ 66,091
Miraflores Development LP	7,735	13,243	19,192	-	40,170
Villas de Mariposas LP (through 12/31/19)	<u>16,351</u>	<u>9,403</u>	<u>-</u>	<u>-</u>	<u>25,754</u>
	<u>\$ 46,945</u>	<u>\$ 52,457</u>	<u>\$ 27,830</u>	<u>\$ 4,783</u>	<u>\$ 132,015</u>

Other

The Organization maintains cash accounts and has outstanding loans with financial institutions at which Board members are employed. Total balances at those banks were approximately \$1,406,000 and \$1,075,000 at June 30, 2020 and 2019, respectively, and the outstanding loan balances were approximately \$300,000 and \$250,000 at June 30, 2020 and 2019, respectively.

18. Assignment of Partnership Interest

Effective December 31, 2019, the limited partner in Villas de Mariposas LP assigned its entire 99.9 percent limited partnership interest to Villas de Mariposas II, LLC, a wholly-owned subsidiary of the Organization, in exchange for \$1. Hacienda CDC continues as the general partner in Villas de Mariposas LP and, as a result of the assignment, holds a 100 percent ownership in the partnership. Consequently, the asset and liability balances related to the partnership have been included in Hacienda's consolidated statement of financial position as of June 30, 2020, and the consolidated statement of activities includes the partnership's results of operations beginning January 1, 2020.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Assignment of Partnership Interest, continued

Summarized financial information for Villas de Mariposas LP at the date of assignment is as follows:

	Balance Sheet Immediately Prior to Assignment	Adjustment of Limited Partner's Equity Interest	Balance Sheet Adjusted for Reduction in Value of Limited Partner's Equity Interest
Assets			
Cash	\$ 3,727	\$ -	\$ 3,727
Prepaid expenses and other assets	10,047	-	10,047
Restricted deposits and reserves	333,420	-	333,420
Property and equipment, net	<u>5,292,146</u>	<u>(2,494,191)</u>	<u>2,797,955</u>
Total assets	<u>\$ 5,639,340</u>	<u>\$ (2,494,191)</u>	<u>\$ 3,145,149</u>
Liabilities and Net Assets			
Accounts payable and accrued expense	\$ 45,257	\$ -	\$ 45,257
Tenant security deposits	44,072	-	44,072
Payable to affiliated organizations	131,363	-	131,363
Long-term debt and accrued interest payable	<u>2,804,966</u>	<u>-</u>	<u>2,804,966</u>
Total liabilities	<u>3,025,658</u>	<u>-</u>	<u>3,025,658</u>
Limited partner's equity interest	2,494,192	(2,494,191)	1
General partner's equity interest	<u>119,490</u>	<u>-</u>	<u>119,490</u>
Total net assets	<u>2,613,682</u>	<u>(2,494,191)</u>	<u>119,491</u>
Total liabilities and net assets	<u>\$ 5,639,340</u>	<u>\$ (2,494,191)</u>	<u>\$ 3,145,149</u>

19. Concentrations and Credit Risk

The Organization maintains its cash balances in several financial institutions located in Portland, Oregon. The balances in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of the federally insured limits were approximately \$3,091,000 and \$1,857,600 at June 30, 2020 and 2019, respectively.

For the year ended June 30, 2020, approximately 36 percent of total revenue was from one funding source. There were no significant revenue concentrations for the year ended June 30, 2019. Receivables disclosed in Note 4 are concentrated with approximately 37 percent from three funding sources and 20 percent from one funding source at June 30, 2020 and 2019, respectively.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Commitments and Contingencies

Grants and Contracts

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

Grant and Loan Restrictions

Many of the properties owned and operated by Hacienda and its affiliated entities were financed by grants and low/no interest loans. The terms of these grants and loans restrict the use of the property and generally require the property to be rented to low-income qualified tenants for the period of the grant or related loan term. Failure to comply with the terms of the grants or the loans may result in a requirement to repay a portion or all of the proceeds received. Management believes that the exposure on these agreements is minimal.

Tax Benefits Guarantees

As the developer of certain properties financed in part by federal and/or state tax credit allocations, the Organization and its affiliates have made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate's operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, Hacienda and its affiliates have not experienced any calls on these guarantees.

Additionally, in accordance with the partnership agreements, the Organization must also meet certain requirements to:

- Maintain a net worth sufficient to ensure its ability to perform its management obligations.
- Restore any negative capital balance upon liquidation of the General Partner's interest.

Plaza de Cedros

Under conditions of a \$100,000 grant from the State of Oregon Housing and Community Services Department, the Organization has guaranteed that properties developed under this project will be managed in accordance with the Federal Low-Income Housing rules defined in Internal Revenue Code Section 42, as well as state and local low-income housing regulations.

Plaza Los Robles

Under the USDA grant and loan agreement, the Organization was required to establish a reserve account and deposit \$30,000 at the time the USDA loan and grant were closed. In addition, the Organization was also required to deposit \$2,084 monthly beginning January 2008 until the amount in the reserve account reaches \$250,000. The funds are to be held as security for the loan and grant obligations. As of June 30, 2020 and 2019, the Organization was in compliance. This amount is included in restricted cash in the accompanying consolidated statement of financial position.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Commitments and Contingencies, continued

Other Obligations

In November 2014, the Organization entered into transactions to complete three projects. Financing for the projects was provided by a number of governmental and private grants and through two allocations of New Markets Tax Credits (NMTC). The benefits of the NMTC are provided over a 7-year period and are based on certain percentages (as determined by the Internal Revenue Service) of the amount of leveraged funding used to finance the construction transaction.

As part of this funding, a 95 percent-owned subsidiary, Hacienda QALICB LLC, entered into two notes payable (Note 13), with limited liability companies that were created to facilitate the NMTC transaction. The Organization is obligated to maintain control of the projects for each of the seven years.

21. Lease Commitments

The Organization leases equipment under several operating leases ending at various times through July, 2024. Total rent expense related to these leases approximated \$24,000 and \$19,200 for the years ended June 30, 2020 and 2019, respectively. The Organization also has in-kind rent for use of facilities, for which they recognized in-kind rent expense of approximately \$58,300 and \$41,800 for the years ended June 30, 2020 and 2019, respectively.

Total future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 18,696
2022	13,296
2023	9,796
2024	1,296
Thereafter	<u>-</u>
Total	<u>\$ 43,084</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Supplemental Cash Flow Information

The following presents a reconciliation of the change in net assets (as reported on the consolidated statement of activities) to net cash provided by operating activities (as reported on the consolidated statement of cash flows):

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,275,839	\$ 242,172
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,156,935	1,132,757
Amortization of debt issuance costs (included in interest expense)	16,062	15,991
Proceeds from settlement of construction defects lawsuit	-	(438,000)
Pass-through income from limited partnerships	48	37
(Increase) decrease in:		
Grants, accounts, and related party receivables	(114,876)	(540,659)
Prepaid expenses	29,544	(33,176)
Increase (decrease) in:		
Accounts payable and accrued expenses	251,853	135,803
Deferred revenue	<u>324,579</u>	<u>(4,596)</u>
Net cash provided by operating activities	<u>\$ 4,939,984</u>	<u>\$ 510,329</u>

The following presents a reconciliation of noncash financing and investing activities as reported on the consolidated statement of cash flows:

Supplemental disclosure of noncash financing transactions

	<u>2020</u>	<u>2019</u>
Total proceeds from issuance of long-term debt	\$ 4,723,098	\$ 430,529
Assumption of long-term debt	<u>(2,797,957)</u>	<u>-</u>
Total cash proceeds from issuance of long-term debt	<u>\$ 1,925,141</u>	<u>\$ 430,529</u>

Supplemental disclosure of noncash investing transactions

	<u>2020</u>	<u>2019</u>
Total acquisition of property and equipment	\$ 4,397,092	\$ 692,760
Noncash assumption of property and equipment	<u>(2,797,957)</u>	<u>-</u>
Total cash paid for property and equipment	<u>\$ 1,599,135</u>	<u>\$ 692,760</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. Reclassifications

Certain amounts within the consolidated financial statements were reclassified in the prior year comparative information. The purpose of the reclassifications was to give a consistent representation of the Organization's records. The reclassifications had no net effect on the reported change in net assets for either period presented.

24. Uncertainties

The Organization's management does not anticipate adverse impacts to the Organization's future financial condition due to the ongoing COVID-19 coronavirus pandemic. However, as of the date of the independent auditor's report, there still exists certain economic uncertainties related to the COVID-19 coronavirus pandemic. These continuing uncertainties have the potential to result in significant impact to the Organization's future financial condition and operating results. However, any such future financial impact and duration of such impact cannot be reasonably estimated at this time.

25. Subsequent Events

On July 10th, 2020, the OHCS Housing Stability Council approved Hacienda's application for \$5.4 million in LIFT Bond funding and \$19 million in low-income tax credits for the Las Adelitas project. These were the last major sources of funds to be secured. The final stages of financing are expected to close in February 2021 with construction to begin shortly thereafter.

Management evaluates events and transactions that occur after the consolidated statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

SUPPLEMENTAL INFORMATION

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2020

	Hacienda Community Development Corporation				
	Core Activities	Plaza de Cedros	Plaza los Robles	Ortiz Center	Villa de Clara Vista
Assets					
Current assets					
Cash and cash equivalents	\$ 2,412,523	\$ 2,854	\$ 10,989	\$ 100,953	\$ 354,065
Investments in marketable securities	2,981,510	-	-	-	-
Grants and accounts receivable	756,239	67	4,659	6,246	5,576
Prepaid expenses	2,985	1,537	6,139	-	14,709
Total current assets	6,153,257	4,458	21,787	107,199	374,350
Receivable from related parties	5,604,257	-	-	30,606	-
Restricted cash	359,452	44,787	280,859	90,774	463,782
Security deposits	-	5,771	15,183	-	39,018
Intangible assets, net	-	-	-	10,498	-
Loan receivable	-	-	-	-	-
Other long-term receivables	171,268	-	-	-	-
Property and equipment, net	6,164,513	466,681	3,809,751	1,489,624	1,377,792
Long-term ground lease	-	-	-	-	-
Investments in limited partnerships	5,587,835	-	-	-	-
Total assets	\$ 24,040,582	\$ 521,697	\$ 4,127,580	\$ 1,728,701	\$ 2,254,942
Liabilities and Net Assets					
Current liabilities					
Accounts payable and accrued expenses	\$ 493,478	\$ 20,346	\$ 29,981	\$ 10,981	\$ 40,812
Accrued interest	28,087	876	568	1,405	10,160
Deferred revenue	357,218	-	-	-	19,651
Line of credit	50,000	-	-	-	-
Current portion of long-term debt	321,863	15,479	31,954	30,753	96,331
Total current liabilities	1,250,646	36,701	62,503	43,139	166,954
Non-current liabilities					
Security deposit liability	1,544	5,771	15,183	1,000	39,018
Deferred revenue, ground lease	816,123	-	-	-	-
Long-term debt, net of current portion and unamortized debt issuance costs	8,338,842	513,889	1,049,373	1,178,564	6,874,517
Total non-current liabilities	9,156,509	519,660	1,064,556	1,179,564	6,913,535
Total liabilities	10,407,155	556,361	1,127,059	1,222,703	7,080,489
Net assets (deficit)					
Without donor restrictions:					
Undesignated	8,214,329	(34,664)	3,000,521	505,998	(4,825,547)
Board-designated	603,851	-	-	-	-
Total without donor restrictions	8,818,180	(34,664)	3,000,521	505,998	(4,825,547)
With donor restrictions	4,815,247	-	-	-	-
Total net assets (deficit)	13,633,427	(34,664)	3,000,521	505,998	(4,825,547)
Total liabilities and net assets	\$ 24,040,582	\$ 521,697	\$ 4,127,580	\$ 1,728,701	\$ 2,254,942

<u>Villa de Sueños</u>	<u>Vista de Rosas</u>	<u>Los Jardines de la Paz</u>	<u>Villas de Mariposas</u>	<u>Portland Mercado</u>	<u>Hacienda QALICB</u>	<u>Comunidad Viva</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
\$ 105,987	\$ 81,314	\$ 122,817	\$ 31,899	\$ 51,476	\$ 76,823	\$ 84,545	\$ -	\$ 3,436,245
-	-	-	-	-	-	-	-	2,981,510
4,936	758	3,744	9,233	10,588	6,458	-	-	808,504
<u>6,422</u>	<u>6,422</u>	<u>12,221</u>	<u>14,410</u>	<u>654</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>70,499</u>
117,345	88,494	138,782	55,542	62,718	88,281	84,545	-	7,296,758
-	-	-	-	926,008	-	422,870	(5,749,876)	1,233,865
221,873	152,366	202,995	271,818	30,025	95,833	-	-	2,214,564
11,632	8,090	30,093	43,131	9,550	-	-	-	162,468
10,488	-	-	-	-	654,248	-	-	675,234
-	-	-	-	-	-	5,685,715	-	5,685,715
-	-	-	-	-	-	-	-	171,268
1,998,642	3,154,736	4,890,090	2,751,081	11,803	6,024,760	-	(1,272,353)	30,867,120
-	-	-	-	-	816,123	-	(816,123)	-
-	-	-	-	-	-	(100,851)	(5,075,118)	411,866
<u>\$ 2,359,980</u>	<u>\$ 3,403,686</u>	<u>\$ 5,261,960</u>	<u>\$ 3,121,572</u>	<u>\$ 1,040,104</u>	<u>\$ 7,679,245</u>	<u>\$ 6,092,279</u>	<u>\$ (12,913,470)</u>	<u>\$ 48,718,858</u>
\$ 130,682	\$ 53,406	\$ 53,651	\$ 172,292	\$ 14,331	\$ 32,899	\$ -	\$ (359,478)	\$ 693,381
72,313	13,185	252,363	10,312	2,372	-	-	(314,050)	77,591
5,214	3,208	-	-	-	-	-	-	385,291
-	-	-	-	-	-	-	-	50,000
<u>47,705</u>	<u>15,461</u>	<u>77,883</u>	<u>117,645</u>	<u>15,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>770,764</u>
<u>255,914</u>	<u>85,260</u>	<u>383,897</u>	<u>300,249</u>	<u>32,393</u>	<u>32,899</u>	<u>-</u>	<u>(673,528)</u>	<u>1,977,027</u>
11,632	8,090	30,093	43,131	11,230	1,440	-	-	168,132
-	-	-	-	-	-	-	(816,123)	-
<u>3,352,688</u>	<u>2,368,295</u>	<u>5,010,443</u>	<u>2,625,434</u>	<u>816,457</u>	<u>9,693,876</u>	<u>-</u>	<u>(5,226,698)</u>	<u>36,595,680</u>
<u>3,364,320</u>	<u>2,376,385</u>	<u>5,040,536</u>	<u>2,668,565</u>	<u>827,687</u>	<u>9,695,316</u>	<u>-</u>	<u>(6,042,821)</u>	<u>36,763,812</u>
<u>3,620,234</u>	<u>2,461,645</u>	<u>5,424,433</u>	<u>2,968,814</u>	<u>860,080</u>	<u>9,728,215</u>	<u>-</u>	<u>(6,716,349)</u>	<u>38,740,839</u>
(1,260,254)	942,041	(162,473)	152,758	180,024	(2,048,970)	6,092,279	(6,197,121)	4,558,921
-	-	-	-	-	-	-	-	603,851
(1,260,254)	942,041	(162,473)	152,758	180,024	(2,048,970)	6,092,279	(6,197,121)	5,162,772
-	-	-	-	-	-	-	-	4,815,247
<u>(1,260,254)</u>	<u>942,041</u>	<u>(162,473)</u>	<u>152,758</u>	<u>180,024</u>	<u>(2,048,970)</u>	<u>6,092,279</u>	<u>(6,197,121)</u>	<u>9,978,019</u>
<u>\$ 2,359,980</u>	<u>\$ 3,403,686</u>	<u>\$ 5,261,960</u>	<u>\$ 3,121,572</u>	<u>\$ 1,040,104</u>	<u>\$ 7,679,245</u>	<u>\$ 6,092,279</u>	<u>\$ (12,913,470)</u>	<u>\$ 48,718,858</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Hacienda Community Development Corporation				
	Core Activities	Plaza de Cedros	Plaza los Robles	Ortiz Center	Villa de Clara Vista
Revenue and support					
Private gifts, grants, and contracts	\$ 5,508,676	\$ -	\$ -	\$ -	\$ -
Government grants and contracts	1,623,494	1,565	8,828	-	37,602
In-kind contributions	32,796	-	-	-	-
Service revenue	482,055	-	-	-	-
Rental income	18,059	74,602	221,806	231,861	1,045,217
Interest income	122,600	26	227	448	75
Other income (loss)	4,236,248	3,740	14,153	-	33,576
Intercompany transfer of revenue	<u>(6,804,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,219,768</u>	<u>79,933</u>	<u>245,014</u>	<u>232,309</u>	<u>1,116,470</u>
Expenses					
Program services	597,456	105,920	353,303	209,345	1,076,767
Management and general	1,024,771	-	-	-	-
Fundraising	<u>310,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,932,918</u>	<u>105,920</u>	<u>353,303</u>	<u>209,345</u>	<u>1,076,767</u>
Change in net assets	3,286,850	(25,987)	(108,289)	22,964	39,703
Net assets, beginning of year	8,829,375	(8,677)	3,108,810	480,068	(4,810,932)
Equity transfer	<u>1,517,202</u>	<u>-</u>	<u>-</u>	<u>2,966</u>	<u>(54,318)</u>
Net assets, end of year	<u>\$ 13,633,427</u>	<u>\$ (34,664)</u>	<u>\$ 3,000,521</u>	<u>\$ 505,998</u>	<u>\$ (4,825,547)</u>

<u>Villa de Sueños</u>	<u>Vista de Rosas</u>	<u>Los Jardines de la Paz</u>	<u>Villas de Mariposas</u>	<u>Portland Mercado</u>	<u>Hacienda QALICB</u>	<u>Comunidad Viva</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 63,100	\$ -	\$ 385	\$ (116,000)	\$ 5,456,161
5,215	3,210	15,300	19,271	-	-	-	-	1,714,485
-	-	-	-	-	-	-	-	32,796
-	-	-	-	793	-	-	(210,408)	272,440
368,617	255,552	538,202	398,714	145,795	94,802	-	(124,756)	3,268,471
351	22	156	67	11	-	81,971	(64,181)	141,773
7,233	4,377	1,707	2,265	87,929	-	221,332	(4,430,395)	182,165
-	-	-	-	-	6,804,160	-	-	-
<u>381,416</u>	<u>263,161</u>	<u>555,365</u>	<u>420,317</u>	<u>297,628</u>	<u>6,898,962</u>	<u>303,688</u>	<u>(4,945,740)</u>	<u>11,068,291</u>
372,075	326,065	630,946	387,050	331,555	2,495,321	-	(439,376)	6,446,427
-	-	-	-	-	8,925	86,638	(85,000)	1,035,334
-	-	-	-	-	-	-	-	310,691
<u>372,075</u>	<u>326,065</u>	<u>630,946</u>	<u>387,050</u>	<u>331,555</u>	<u>2,504,246</u>	<u>86,638</u>	<u>(524,376)</u>	<u>7,792,452</u>
9,341	(62,904)	(75,581)	33,267	(33,927)	4,394,716	217,050	(4,421,364)	3,275,839
(1,269,595)	1,004,945	(86,892)	119,491	97,468	2,084,488	5,791,948	(8,638,317)	6,702,180
-	-	-	-	116,483	(8,528,174)	83,281	6,862,560	-
<u>\$ (1,260,254)</u>	<u>\$ 942,041</u>	<u>\$ (162,473)</u>	<u>\$ 152,758</u>	<u>\$ 180,024</u>	<u>\$ (2,048,970)</u>	<u>\$ 6,092,279</u>	<u>\$ (6,197,121)</u>	<u>\$ 9,978,019</u>

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

To the Finance Committee and Board of Directors
Hacienda Community Development Corporation
Portland, Oregon

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 Hacienda Community Development Corporation (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, 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 December 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Hacienda Community Development Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the pose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hacienda Community Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Hacienda Community Development Corporation's internal control.

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

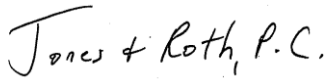
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Jones & Roth, P.C.
Hillsboro, Oregon
December 30, 2020