

EISNERAMPER

**CONGRESO DE LATINOS UNIDOS, INC.
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017
(with consolidating supplementary information)



CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Statements of financial position as of June 30, 2018 and 2017	3
Statements of activities and changes in net assets for the years ended June 30, 2018 and 2017	4
Statements of cash flows for the years ended June 30, 2018 and 2017	6
Notes to consolidated financial statements	7
Consolidating Supplementary Information	
Schedules of financial position as of June 30, 2018 and 2017	18
Schedules of activities and changes in net assets for the years ended June 30, 2018 and 2017	20
Schedules of functional expenses for the years ended June 30, 2018 and 2017	22

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Congreso de Latinos Unidos, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Congreso de Latinos Unidos, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 did not audit the financial statements of Pan American Academy Charter School, which statements reflect total assets of \$5,245,106 and \$3,562,103 as of June 30, 2018 and 2017, respectively, and total revenues of \$10,512,113 and \$9,071,066 for the years ended June 30, 2018 and 2017, respectively. Those statements, which were prepared in accordance with Governmental Accounting Standards as issued by the Governmental Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Pan American Academy Charter School, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Pan American Academy Charter School, prior to these conversion adjustments, is based solely on the reports of the other auditors. 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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, based on our audits and the reports of the other auditors, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Congreso de Latinos Unidos, Inc. and Affiliates as of June 30, 2018 and 2017, and the consolidated changes in their net assets and their cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating supplementary information shown on pages 18 to 23 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 other 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.



EISNERAMPER LLP
Philadelphia, Pennsylvania
December 14, 2018

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidated Statements of Financial Position

	June 30	
	2018	2017
ASSETS		
Current assets:		
Cash	\$ 4,551,271	\$ 3,816,899
Restricted cash	2,830,363	2,291,423
Accounts receivable:		
Governmental grants and contracts, net of allowance for uncollectibles of \$-0- in 2018 and \$6,617 in 2017	4,051,327	3,942,301
Other	327,562	358,351
Promises to give	337,000	255,815
Prepaid expenses and other assets	267,681	346,488
Total current assets	12,365,204	11,011,277
Promises to give, net	-	96,205
Property and equipment, net of accumulated depreciation of \$11,152,014 in 2018 and \$10,396,801 in 2017	17,433,463	16,794,480
	\$ 29,798,667	\$ 27,901,962
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$ 9,280,840	\$ 101,287
Accounts payable and accrued expenses	2,928,094	1,910,448
Interest payable	61,861	62,264
Unearned revenue	101,977	547,785
Total current liabilities	12,372,772	2,621,784
Long-term debt, net of current portion and debt issuance costs	4,711,520	13,983,138
Total liabilities	17,084,292	16,604,922
Commitments and contingencies		
NET ASSETS		
Unrestricted	11,729,413	10,343,730
Temporarily restricted	984,962	953,310
Total net assets	12,714,375	11,297,040
	\$ 29,798,667	\$ 27,901,962

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidated Statement of Activities and Changes in Net Assets Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Governmental grants and contracts	\$ 23,731,920	\$ -	\$ 23,731,920
Corporation and foundation contributions	1,319,159	616,232	1,935,391
Fees and services	227,748	-	227,748
Fundraising revenue	311,146	-	311,146
Rental income and facility management fees	367,881	-	367,881
Other	216,878	-	216,878
Net assets released from restrictions	584,580	(584,580)	-
	<u>26,759,312</u>	<u>31,652</u>	<u>26,790,964</u>
Expenses:			
Program services:			
Education and workforce services	5,050,564	-	5,050,564
Family and housing services	4,608,822	-	4,608,822
Health promotion and wellness	4,704,374	-	4,704,374
Education - Pan American Academy Charter School	8,034,495	-	8,034,495
	<u>22,398,255</u>	<u>-</u>	<u>22,398,255</u>
General and administrative	2,019,871	-	2,019,871
Fundraising	200,290	-	200,290
	<u>24,618,416</u>	<u>-</u>	<u>24,618,416</u>
Total expenses before depreciation and amortization	<u>24,618,416</u>	<u>-</u>	<u>24,618,416</u>
Change in net assets before depreciation and amortization	2,140,896	31,652	2,172,548
Depreciation and amortization	<u>755,213</u>	<u>-</u>	<u>755,213</u>
Change in net assets	1,385,683	31,652	1,417,335
Net assets at beginning of year	<u>10,343,730</u>	<u>953,310</u>	<u>11,297,040</u>
Net assets at end of year	<u>\$ 11,729,413</u>	<u>\$ 984,962</u>	<u>\$ 12,714,375</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidated Statement of Activities and Changes in Net Assets Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Governmental grants and contracts	\$ 22,089,046	\$ -	\$ 22,089,046
Corporation and foundation contributions	955,343	884,472	1,839,815
Fees and services	226,091	-	226,091
Fundraising revenue	334,836	-	334,836
Rental income and facility management fees	448,364	-	448,364
Other	159,236	-	159,236
Net assets released from restrictions	<u>1,013,016</u>	<u>(1,013,016)</u>	<u>-</u>
	<u>25,225,932</u>	<u>(128,544)</u>	<u>25,097,388</u>
Expenses:			
Program services:			
Education and workforce services	4,788,224	-	4,788,224
Family and housing services	4,668,328	-	4,668,328
Health promotion and wellness	4,673,201	-	4,673,201
Education - Pan American Academy Charter School	<u>7,170,337</u>	<u>-</u>	<u>7,170,337</u>
	21,300,090	-	21,300,090
General and administrative	1,873,599	-	1,873,599
Fundraising	<u>286,964</u>	<u>-</u>	<u>286,964</u>
Total expenses before depreciation and amortization	<u>23,460,653</u>	<u>-</u>	<u>23,460,653</u>
Change in net assets before depreciation and amortization	1,765,279	(128,544)	1,636,735
Depreciation and amortization	<u>897,233</u>	<u>-</u>	<u>897,233</u>
Change in net assets	868,046	(128,544)	739,502
Net assets at beginning of year	<u>9,475,684</u>	<u>1,081,854</u>	<u>10,557,538</u>
Net assets at end of year	<u>\$ 10,343,730</u>	<u>\$ 953,310</u>	<u>\$ 11,297,040</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 1,417,335	\$ 739,502
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	755,213	897,233
Amortization of loan closing costs	9,221	7,947
Provision for doubtful accounts	(6,617)	(17,017)
Changes in assets and liabilities:		
Accounts receivable - governmental grants and contracts	(102,409)	(335,744)
Accounts receivable - other	30,789	(36,428)
Promises to give	15,020	134,893
Prepaid expenses and other assets	78,807	57,621
Accounts payable and accrued expenses	1,017,646	(91,171)
Interest payable	(403)	3,827
Unearned revenue	(445,808)	117,201
Net cash provided by operating activities	<u>2,768,794</u>	<u>1,477,864</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,394,196)	(173,107)
Proceeds from sale of property and equipment	-	1,014
Net cash used in investing activities	<u>(1,394,196)</u>	<u>(172,093)</u>
Cash flows from financing activities:		
Payments on line-of-credit	-	(1,440,203)
Debt issuance costs paid	-	(83,332)
Payments on long-term debt	(101,286)	(196,714)
Proceeds from borrowings on long-term debt	-	2,000,000
Net cash provided by (used in) financing activities	<u>(101,286)</u>	<u>279,751</u>
Net increase in cash and restricted cash	1,273,312	1,585,522
Cash and restricted cash at beginning of year	<u>6,108,322</u>	<u>4,522,800</u>
Cash and restricted cash at end of year	<u>\$ 7,381,634</u>	<u>\$ 6,108,322</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 753,854</u>	<u>\$ 745,649</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE A - ORGANIZATION AND BASIS OF PRESENTATION

Congreso de Latinos Unidos, Inc. (“Congreso”) is a multiservice, social service agency founded in 1977 and headquartered in eastern North Philadelphia with a mission to enable individuals and families in predominantly Latino neighborhoods to achieve economic self-sufficiency and well-being. Congreso served 17,567 unduplicated individuals in FY18, offering a continuum of services through its three programmatic divisions: Education and Workforce Services (“EWS”), Health Promotion and Wellness (“HPW”), and Family and Housing Services (“FHS”). EWS encompasses in-school and out-of-school-time programs, on-site GED instruction and GED testing center, adult education programming, Commercial Driver License Class A courses, ESL instruction, and post-secondary options such as Harcum College at Congreso and a Child Development Associate credentialing program. Services within FHS include teen parenting services, older adult programming, housing services, family empowerment and social services, truancy services, and a financial empowerment center. The HPW Division, which houses Congreso’s Federally Qualified Health Center, offers HIV and AIDS services, health education and training, breastfeeding consultation, and the Latina Domestic Violence Program.

2800 American Street Company (“2800 American”) and 216 Somerset Company (“216 Somerset”) are wholly-owned subsidiaries of Congreso, organized as nonprofit organizations to support Congreso and its mission. Both of these subsidiaries own properties in which Congreso or its related organizations operate programs.

Congreso Business Services LLC (“CBS”) is a single member LLC in which Congreso is the sole member. CBS provides facilities management to property owned by 2800 American.

Congreso is the founding member of the Pan American Academy Charter School (“PAACS”), a nonprofit corporation located in Philadelphia, Pennsylvania. Congreso provides governance oversight and its board appointed the majority of PAACS board members until August 2018 (see Note M). PAACS operates independently from Congreso and prepares students for a successful future by promoting academic excellence through rigorous instruction, bilingualism, and the integration of cultural awareness and respect throughout all aspects of the curriculum.

The accompanying consolidated financial statements contain the accounts of Congreso, 2800 American, 216 Somerset, CBS and PAACS (collectively, the “Organization”) and have been prepared using the accrual basis of accounting in accordance with accounting principles general accepted in the United States of America (“U.S. GAAP”). All significant intercompany activity has been eliminated.

Aprendizaje Superior de la Comunidad, LLC (“ASC”) was organized as a limited liability company (“LLC”) with another nonprofit organization to provide programs for students to earn college credits towards an Associate Degree from Harcum College through a cohort-based learning experience consisting of curriculum for majors in Early Childhood Education, Law & Justice, and Human Services. Congreso is a 50% limited partner in this LLC and revenues and expenses relating to Congreso’s share of ASC’s operations are included in the consolidated statements of activities and changes in net assets under the equity method of accounting. ASC received funds from Harcum College based on the number of students enrolled through the Department of Education of Pennsylvania. As of June 30, 2018 and 2017, ASC had \$124,291 and \$104,564, respectively, of assets and liabilities. For the years ended June 30, 2018 and 2017, ASC had \$309,832 and \$254,274, respectively, of earned revenue and incurred expenses.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2018 and 2017**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Organization in the preparation of the consolidated financial statements.

[1] Classification of net assets:

The Organization is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The accompanying consolidated financial statements include the following classes of net assets:

- ***Unrestricted***

Unrestricted net assets are used to account for funds which have not been restricted by donors, and over which the Board of Directors has discretionary control.

- ***Temporarily Restricted***

Temporarily restricted net assets represent those resources that have been restricted by donors for specific purposes or periods of time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions.

- ***Permanently Restricted***

Permanently restricted net assets represent those resources subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments, and the net realized capital appreciation thereon, for general or specific purposes. There were no permanently restricted net assets as of either June 30, 2018 or 2017.

[1] Cash and restricted cash:

Restricted cash represent various amounts restricted as to use and are not available for use in operations. Restrictions include escrows for the properties that are required by project funders and collateral for debt instruments.

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	2018	2017
Cash	\$ 4,551,271	\$ 3,816,899
Restricted cash	2,830,363	2,291,423
Total cash and restricted cash shown in the consolidated statements of cash flows	\$ 7,381,634	\$ 6,108,322

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Revenue recognition – governmental grants, contracts and unearned revenue:

Funding for the Organization's activities is achieved substantially through cost reimbursement government contracts. Revenue is recognized when costs are incurred. Until the financial information required by the funding source is accepted, costs billed for program services under cost reimbursement contracts are subject to review and possible disallowance. In management's opinion, such disallowance, if any, would not be material to the consolidated financial statements. Fee-for-service or performance-based revenue has been recognized when the services have been provided only to the extent allowed under the contract.

Charter schools are funded by the local public school district in which each student resides. The rate per student is determined annually and is based on the budgeted total expenditure per average daily membership of the prior school year for each school district. All of the students of PAACS reside in Philadelphia. For the years ended June 30, 2018 and 2017, the rate for the School District of Philadelphia was \$8,303 and \$8,139, respectively, for regular education students and \$25,329 and \$24,574, respectively, for special education students. The annual rate is paid monthly by the School District of Philadelphia and is prorated if a student enters or leaves during the year. Tuition revenue is recognized ratably over the school year as the education instruction and services are provided. Tuition revenue is included in governmental grants and contracts in the consolidated statements of activities and changes in net assets.

Collection of receivables arising under these government contracts is subject to the availability of funds from the funding sources. Accounts receivable are net of an allowance for doubtful accounts. The Organization establishes a provision for doubtful accounts based on history of past write-offs and collections and current credit conditions. An account is written off when it is determined that all collection efforts have been exhausted. Management has determined that the provision for doubtful accounts for the years ended June 30, 2018 and 2017 was \$-0- and \$6,617, respectively.

As of June 30, 2018 and 2017, amounts received on exchange transaction contracts, for which services have not yet been provided, are recorded as unearned revenue.

[3] Revenue recognition – corporation and foundation contributions:

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

[4] Revenue recognition – rental income and facility management fees:

Rental income and facility management fees are earned pursuant to agreements. The rents are accounted for under operating leases and revenues are recorded ratably over the term of the agreement. The management fees are accounted for under management agreements and revenues are recorded when services are provided. If advanced rental or facilities management fees are received, they are included in unearned revenue on the consolidated statements of financial position.

[5] Donated services:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

There were numerous volunteer hours that were contributed to the Organization for the years ended June 30, 2018 and 2017. The value of these contributed services is not recorded in these consolidated financial statements since the services did not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Property and equipment and depreciation:

Property and equipment are stated at cost less accumulated depreciation. Contributed property and equipment are recorded at fair value at the date of donation. The Organization capitalizes all significant additions of \$5,000 or greater, while all other costs that do not improve or extend the useful lives of the respective assets are expensed in the period in which they occur. Depreciation is provided by the straight-line method over estimated useful lives of three to 40 years.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2018 and 2017, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs based on contract allowances for indirect and FTE allocations. At the end of the year, certain expenses are re-allocated throughout the agency based on the division's payroll costs as a percentage of total payroll costs. These costs are not charged to contracts.

[8] Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

[9] Federal tax status:

The Internal Revenue Service has classified Congreso, 2800 American, 216 Somerset and PAACS as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as organizations, contributions to which are deductible under Section 170(c) of the Code; and as organizations that are not private foundations as defined in Section 509(a) of the Code. CBS is a limited liability company whose sole member is an exempt organization.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of either June 30, 2018 or 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for either of the years ended June 30, 2018 or 2017. Because Congreso is the sole member of CBS, this LLC is included in Congreso's tax return.

[10] Debt issuance costs:

The Organization presents debt issuance costs related to debt liabilities in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Debt issuance costs (continued):

Debt issuance costs are amortized to interest expense over the term of the related debt note using the straight-line method, which is substantially equivalent to the effective interest rate method.

[11] New accounting pronouncements:

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard's core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information. ASU 2016-02 will be effective for nonpublic entities for fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the effect that this new guidance will have on its consolidated financial statements and related disclosures.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment return, c) expenses, d) liquidity and availability of resources, and e) presentation of operating cash flows. The new standard will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, which will be the year beginning on July 1, 2018 for the Organization. The adoption of ASU 2016-14 will require reclassification of net asset classes and additional disclosures related to liquidity and availability of resources.

In August 2018, FASB issued ASU 2016-18, *Statement of Cash Flows Topic 230: Restricted Cash*. ASU 2016-18 clarifies and improves guidance concerning the classification and presentation of changes in restricted cash on the statement of cash flows. The amendments require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization adopted ASU 2016-18 as of June 30, 2018. The consolidated statements of cash flows now explains the change in cash, cash equivalents, and restricted cash. The adoption of this standard required reclassifications in the 2017 consolidated statement of cash flows.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance concerning, 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) determining whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 should be applied on a modified prospective basis. Management is currently evaluating the effect that the new standard will have on its financial statements and related disclosures.

[12] Reclassification:

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the current year presentation.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE C - CONCENTRATIONS OF CREDIT RISK

[1] Cash balances:

The Organization maintains its cash balances in financial institutions with insurance provided by the Federal Deposit Insurance Corporation. At times, these accounts may exceed the federally insured limit. Management does not believe there is a significant credit risk with these institutions.

[2] Funding sources:

The Organization receives a significant amount of its funding from two funding sources (City of Philadelphia and School District of Philadelphia). These funding sources accounted for 66% and 67% of total governmental grants and contracts revenue for the years ended June 30, 2018 and 2017, respectively. These funding sources also accounted for 68% and 70% of total accounts receivable from governmental grants and contracts as of June 30, 2018 and 2017, respectively.

NOTE D - PROMISES TO GIVE

Promises to give consist of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 337,000	\$ 255,815
Receivable in one to five years	-	100,000
Total promises to give	<u>337,000</u>	355,815
Less discount to net present value	-	(3,795)
Net promises to give	<u>\$ 337,000</u>	<u>\$ 352,020</u>
Current	\$ 337,000	\$ 255,815
Noncurrent	-	96,205
	<u>\$ 337,000</u>	<u>\$ 352,020</u>

Pledges which are receivable in more than one year are discounted at a rate of .71% as of June 30, 2017.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 24,444,325	\$ 24,355,956
Furniture and fixtures	1,328,237	1,293,797
Equipment	1,740,065	1,541,528
Construction in progress	1,072,850	-
	28,585,477	27,191,281
Less accumulated depreciation	11,152,014	10,396,801
	<u>\$ 17,433,463</u>	<u>\$ 16,794,480</u>

Depreciation for the years ended June 30, 2018 and 2017 was \$755,213 and \$897,233, respectively.

NOTE F - LINE-OF-CREDIT

Congreso has a bank line-of-credit with a maximum borrowing availability of \$2,400,000, bearing interest at 4% above the LIBOR rate (LIBOR was 2.092% and 1.738% as of June 30, 2018 and 2017, respectively). The line-of-credit is secured by all of Congreso's business assets. There was no outstanding balance on the line-of-credit as of either June 30, 2018 or 2017. The line-of-credit expires on February 15, 2020. Interest expense for the line-of-credit for the years ended June 30, 2018 and 2017 was \$-0- and \$19,567, respectively.

NOTE G - LONG-TERM DEBT

Long-term debt as of June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
TD Bank, term loan to restructure and consolidate debt; principal together with interest at 4.49% is due in 84 monthly payments of \$8,836, with the final payment due on September 30, 2020; collateralized by substantially all business assets of Congreso; the loan was fully repaid in November 2018 (see Note M)	\$ 822,275	\$ 889,208
The Redevelopment Fund ("TRF"), loan for development and construction of 2830 American Street property; interest only payments at 5.31% are due in 88 monthly installments of approximately \$28,000, with the final payment of the remaining unpaid principal due on September 30, 2018; collateralized by substantially all business assets of 2800 American; the loan was fully repaid in October 2018 (see Note M)	6,192,312	6,192,312
Subtotal, carried forward	7,014,587	7,081,520

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE G - LONG-TERM DEBT (CONTINUED)

	<u>2018</u>	<u>2017</u>
Subtotal, brought forward	7,014,587	7,081,520
TRF, loan for development and construction of 2830 American Street property; interest only payments at 5.31% are due in 88 monthly installments of approximately \$13,000, with the final payment of the remaining unpaid principal due on September 30, 2018; collateralized by substantially all business assets of 2800 American; the loan was fully repaid in October 2018 (see Note M)	2,899,848	2,899,848
TRF, loan for development and construction of 2830 American Street property; interest only payments at 5.31% are due in monthly installments of approximately \$10,000 through October 31, 2018; commencing on September 30, 2018 and through October 31, 2018, the lender may exercise a put or sale option, pursuant to which the lender shall be paid \$1,000 in exchange for the loan, conditioned on each TRF loan above being repaid in full and none of the loans being in default; collateralized by substantially all business assets of 2800 American; the put option was exercised in October 2018 (see Note M)	2,223,840	2,223,840
TRF, loan to refinance the 2800 American property; interest only payment at 5.37% is due for the month of November 2017; beginning on December 1, 2017, principal together with interest is due in monthly payments aggregating approximately \$11,500, with the final payment due on February 1, 2044; collateralized by substantially all business assets of 2800 American	1,946,442	1,980,795
	14,084,717	14,186,003
Less current portion	9,280,840	101,287
Less unamortized debt issuance costs	92,357	101,578
	<u>\$ 4,711,520</u>	<u>\$ 13,983,138</u>

Congreso is the guarantor of all TRF loans described previously.

Scheduled future principal maturities of long-term debt as of June 30, 2018 are as follows:

Year Ending June 30

2019	\$ 9,280,840
2020	163,323
2021	774,412
2022	100,656
2023	106,204
Thereafter	<u>3,659,282</u>
	<u>\$ 14,084,717</u>

Interest expense for long-term debt for the years ended June 30, 2018 and 2017 was \$753,451 and \$729,909, respectively, including amortization of debt issuance costs of \$9,221 and \$7,947, respectively.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE G - LONG-TERM DEBT (CONTINUED)

The terms of the loans with TRF provide for a sinking fund to be funded by monthly payments of \$29,804, with an annual requirement of \$357,648 through September 2018. For the years ended June 30, 2018 and 2017, the balance in the sinking fund was \$2,246,006 and \$1,882,941, respectively. The sinking fund requirement was met for each of the years ended June 30, 2018 and 2017. The sinking fund balance was used as part of the payoff of the TRF loans in October 2018 (see Note M).

NOTE H - COMMITMENTS AND CONTINGENCIES

[1] Operating lease:

The Organization leases office space and office equipment under operating lease agreements which require monthly payments ranging from \$343 to \$2,949 and expire at various times through October 2023.

Total lease expense amounted to \$200,535 and \$160,597 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments for office space and office equipment as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	
2019	\$ 188,334
2020	131,312
2021	70,140
2022	46,960
2023	38,376
Thereafter	<u>10,196</u>
	<u>\$ 485,318</u>

[2] Legal matters:

In the course of its business operations, the Organization is involved in various legal matters, which are generally covered by insurance. As of June 30, 2018 and 2017, management believes there is no exposure to such matters that, if decided adversely, would be material to the consolidated financial statements or are not adequately covered by insurance.

NOTE I - FUTURE RENTAL RECEIPTS

The Organization leases office space to various third-party tenants under long-term leases expiring through June 2023.

Scheduled future rental receipts under the long-term leases as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	
2019	\$ 35,125
2020	36,179
2021	37,264
2022	38,382
2023	<u>39,533</u>
	<u>\$ 186,483</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE J - RETIREMENT PLAN

Congreso sponsors a 403(b) defined-contribution pension plan ("Plan") which allows those employees who regularly complete at least 20 hours of work per week to make pre-tax and/or Roth payroll contributions up to the lesser of 100% of their salary or \$18,000 per year plus applicable catch-up contributions. Congreso will match 50% of an employee's contribution, up to 6%, for those Plan participants who have completed at least one year of service, as defined by the Plan document. Participants are fully vested in their elective deferral and rollover contributions immediately after admittance into the Plan. Participants are fully vested in the matching contributions after three years of service. Pension expense for the years ended June 30, 2018 and 2017 was \$74,521 and \$65,180, respectively.

PAACS contributes to the Public School Employees' Retirement System, a governmental cost-sharing multi-employer defined benefit pension plan ("PAACS Plan"). The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers and the Commonwealth of Pennsylvania. PAACS' contributions are based upon an actuarial valuation. PAACS' contributions were 29.2% of covered payroll for each of the years ended June 30, 2018 and 2017. PAACS' contributions to the PAACS Plan for the years ended June 30, 2018 and 2017 were \$982,095 and \$977,503, respectively.

NOTE K - FUNCTIONALIZED EXPENSES

Total expenses by function were as follows for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Education and workforce services	\$ 5,070,690	\$ 4,803,607
Family and housing services	4,627,187	4,683,325
Health promotion and wellness	4,723,120	4,688,214
Education - Pan American Academy Charter School	<u>8,941,798</u>	<u>7,652,678</u>
Total program expenses	23,362,795	21,827,824
General and administrative	1,809,746	2,242,176
Fundraising	<u>201,088</u>	<u>287,886</u>
Total functionalized expenses	<u>\$ 25,373,629</u>	<u>\$ 24,357,886</u>

NOTE L - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of and for the years ended June 30, 2018 and 2017 are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Education and workforce services	\$ 5,070,690	\$ 4,803,607
Family and housing services	4,627,187	4,683,325
Health promotion and wellness	4,723,120	4,688,214
Education - Pan American Academy Charter School	<u>8,941,798</u>	<u>7,652,678</u>
Total program expenses	23,362,795	21,827,824
General and administrative	1,809,746	2,242,176
Fundraising	<u>201,088</u>	<u>287,886</u>
Total functionalized expenses	<u>\$ 25,373,629</u>	<u>\$ 24,357,886</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements June 30, 2018 and 2017

NOTE M - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through December 14, 2018, which is the date the consolidated financial statements were available to be issued.

In August 2018, the Bylaws of PAACS were amended. Under the amended Bylaws, Congreso no longer has the ability to control the board of trustees of PAACS and therefore, subsequent to June 30, 2018, PAACS will no longer be consolidated with Congreso.

In October 2018, the TRF loans of \$6,192,312 and \$2,899,848 were paid in full using proceeds from a \$6,851,472 term loan with PNC Bank and the sinking fund balance of \$2,338,123. The term loan with PNC Bank bears interest at a rate of 2% plus the Daily LIBOR Rate. The loan requires monthly interest-only payments commencing in November 2018 with all outstanding principal and accrued interest due in April 2019, the maturity date. The loan is subject to certain financial and nonfinancial covenants and is collateralized by substantially all business assets.

In October 2018, Congreso exercised the Put Option on the TRF loan of \$2,223,840 for a purchase price of \$1,000 as described in Note G. This provided Congreso with all rights, titles, and interests in and to the loan which 2800 American Street Company had with TRF. Congreso forgave the entire 2800 American Street Company loan balance in October 2018.

In November 2018, 216 Somerset Company obtained a loan from TD Bank for \$1,922,000 that was used, in part, to pay off the remaining balance on the existing TD Bank loan of \$796,056. The term loan with TD Bank bears interest at a rate of 5.17%. The loan requires monthly payments of principal and interest totaling \$15,446 commencing in January 2019 with all outstanding principal and accrued interest due in December 2028, the maturity date. The loan is subject to certain financial and nonfinancial covenants and is collateralized by substantially all business assets.

In December 2018, 2800 American Street Company borrowed \$8,110,000 from the Philadelphia Authority for Industrial Development ("PAID"). \$7,870,000 was obtained through a nonrecourse tax exempt revenue bond issuance ("Series 2018A") as part of PAID's tax-exempt bond program and \$240,000 was obtained through a nonrecourse taxable revenue bond issuance ("Series 2018B"). The Series 2018A matures in July 2048 and bears interest at rates ranging from 5.5% to 5.75%. The Series 2018B matures in July 2021 and bears interest at a rate of 6.375%. Proceeds from the bond issuance are to be used to repay the outstanding principal of \$6,851,472 on the PNC debt, fund the debt service reserve fund and repair and replacement fund required by the agreement, and pay for all or a portion of the bond issuance costs. The Series 2018A and Series 2018B are subject to certain financial and nonfinancial covenants and are collateralized primarily by the property located at 2830 American Street and future revenues received by PAACS from the School District of Philadelphia.

CONSOLIDATING SUPPLEMENTARY INFORMATION

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

**Consolidating Schedule of Financial Position
June 30, 2018**

	Congreso de Latinos Unidos, Inc. and Subsidiary*	2800 American Street Company	216 Somerset Company	Pan American Academy Charter School	Eliminations	Total
ASSETS						
Current assets:						
Cash	\$ 1,448,282	\$ 180,068	\$ -	\$ 2,922,921	\$ -	\$ 4,551,271
Restricted cash	548,116	2,282,247	-	-	-	2,830,363
Accounts receivable:						
Governmental grants and contracts, net of allowance for uncollectibles of \$-0-	3,696,391	-	-	354,936	-	4,051,327
Due from affiliates	3,264	1,599,873	909,920	-	(2,513,057)	-
Other	224,178	224,596	-	24,540	(145,752)	327,562
Promises to give	337,000	-	-	-	-	337,000
Prepaid expenses and other assets	106,378	-	-	264,233	(102,930)	267,681
Total current assets	6,363,609	4,286,784	909,920	3,566,630	(2,761,739)	12,365,204
Property and equipment , net of accumulated depreciation of \$9,325,936	431,620	14,204,109	1,119,258	1,678,476	-	17,433,463
	\$ 6,795,229	\$ 18,490,893	\$ 2,029,178	\$ 5,245,106	\$ (2,761,739)	\$ 29,798,667
LIABILITIES						
Current liabilities:						
Current portion of long-term debt	\$ 70,046	\$ 9,210,794	\$ -	\$ -	\$ -	\$ 9,280,840
Accounts payable and accrued expenses	416,101	27,061	-	2,639,090	(154,158)	2,928,094
Interest payable	3,077	58,784	-	-	-	61,861
Due to affiliate	2,513,057	-	-	-	(2,513,057)	-
Unearned revenue	69,703	115,837	-	10,961	(94,524)	101,977
Total current liabilities	3,071,984	9,412,476	-	2,650,051	(2,761,739)	12,372,772
Long-term debt , net of current portion and debt issuance costs	738,362	3,973,158	-	-	-	4,711,520
Total liabilities	3,810,346	13,385,634	-	2,650,051	(2,761,739)	17,084,292
NET ASSETS						
Unrestricted	1,999,921	5,105,259	2,029,178	2,595,055	-	11,729,413
Temporarily restricted	984,962	-	-	-	-	984,962
Total net assets	2,984,883	5,105,259	2,029,178	2,595,055	-	12,714,375
	\$ 6,795,229	\$ 18,490,893	\$ 2,029,178	\$ 5,245,106	\$ (2,761,739)	\$ 29,798,667

* Congreso de Latinos Unidos, Inc. and subsidiary includes the consolidated accounts of Congreso and CBS.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

**Consolidating Schedule of Financial Position
June 30, 2017**

ASSETS	Congreso de Latinos Unidos, Inc. and Subsidiary*	2800 American Street Company	216 Somerset Company	Pan American Academy Charter School	Eliminations	Total
Current assets:						
Cash	\$ 1,267,637	\$ 229,416	\$ -	\$ 2,319,846	\$ -	\$ 3,816,899
Restricted cash	385,986	1,905,437	-	-	-	2,291,423
Accounts receivable:						
Governmental grants and contracts, net of allowance for uncollectibles of \$6,617	3,602,587	-	-	339,714	-	3,942,301
Due from affiliates	-	1,438,838	794,902	-	(2,233,740)	-
Other	230,801	151,243	-	29,695	(53,388)	358,351
Promises to give	255,815	-	-	-	-	255,815
Prepaid expenses and other assets	164,367	18,984	-	250,397	(87,260)	346,488
Total current assets	5,907,193	3,743,918	794,902	2,939,652	(2,374,388)	11,011,277
Promises to give, net	96,205	-	-	-	-	96,205
Property and equipment, net of accumulated depreciation of \$10,396,801	426,284	14,590,701	1,155,044	622,451	-	16,794,480
	\$ 6,429,682	\$ 18,334,619	\$ 1,949,946	\$ 3,562,103	\$ (2,374,388)	\$ 27,901,962
LIABILITIES						
Current liabilities:						
Current portion of long-term debt	\$ 66,934	\$ 34,353	\$ -	\$ -	\$ -	\$ 101,287
Accounts payable and accrued expenses	625,605	24,994	-	1,400,497	(140,648)	1,910,448
Interest payable	3,327	58,937	-	-	-	62,264
Due to affiliate	2,233,740	-	-	-	(2,233,740)	-
Unearned revenue	457,844	82,197	-	7,744	-	547,785
Total current liabilities	3,387,450	200,481	-	1,408,241	(2,374,388)	2,621,784
Long-term debt, net of current portion and debt issuance costs	802,244	13,180,894	-	-	-	13,983,138
Total liabilities	4,189,694	13,381,375	-	1,408,241	(2,374,388)	16,604,922
NET ASSETS						
Unrestricted	1,286,678	4,953,244	1,949,946	2,153,862	-	10,343,730
Temporarily restricted	953,310	-	-	-	-	953,310
Total net assets	2,239,988	4,953,244	1,949,946	2,153,862	-	11,297,040
	\$ 6,429,682	\$ 18,334,619	\$ 1,949,946	\$ 3,562,103	\$ (2,374,388)	\$ 27,901,962

* Congreso de Latinos Unidos, Inc. and subsidiary includes the consolidated accounts of Congreso and CBS.

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

**Consolidating Schedule of Activities and Changes in Net Assets
Year Ended June 30, 2018**

	Congreso de Latinos Unidos, Inc.		2800 American Street Company	216 Somerset Company	Pan American Academy Charter School	Eliminations	Total
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Unrestricted		
Revenue and support:							
Governmental grants and contracts Corporation and foundation contributions	\$ 13,219,807	\$ -	\$ -	\$ -	\$ 10,512,113	\$ -	\$ 23,731,920
Fees and services	1,318,454	616,232	705	-	-	-	1,935,391
Fundraising revenue	227,748	-	-	-	-	-	227,748
Rental income and facilities management fees	311,146	-	-	-	-	-	311,146
Other	107,588	-	1,355,397	115,018	-	(1,210,122)	367,881
Net assets released from restrictions	172,671	-	655,469	-	-	(611,262)	216,878
	<u>584,580</u>	<u>(584,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,941,994</u>	<u>31,652</u>	<u>2,011,571</u>	<u>115,018</u>	<u>10,512,113</u>	<u>(1,821,384)</u>	<u>26,790,964</u>
Expenses:							
Program services:							
Education and workforce services	5,050,564	-	-	-	-	-	5,050,564
Family and housing services	4,608,822	-	-	-	-	-	4,608,822
Health promotion and wellness	4,704,374	-	-	-	-	-	4,704,374
Education - Pan American Academy Charter School	-	-	-	-	9,855,879	(1,821,384)	8,034,495
	<u>14,363,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,855,879</u>	<u>(1,821,384)</u>	<u>22,398,255</u>
General and administrative	604,257	-	1,415,614	-	-	-	2,019,871
Fundraising	200,290	-	-	-	-	-	200,290
	<u>15,168,307</u>	<u>-</u>	<u>1,415,614</u>	<u>-</u>	<u>9,855,879</u>	<u>(1,821,384)</u>	<u>24,618,416</u>
Change in net assets before depreciation and amortization	<u>773,687</u>	<u>31,652</u>	<u>595,957</u>	<u>115,018</u>	<u>656,234</u>	<u>-</u>	<u>2,172,548</u>
Depreciation and amortization	<u>60,444</u>	<u>-</u>	<u>443,942</u>	<u>35,786</u>	<u>215,041</u>	<u>-</u>	<u>755,213</u>
Change in net assets	<u>713,243</u>	<u>31,652</u>	<u>152,015</u>	<u>79,232</u>	<u>441,193</u>	<u>-</u>	<u>1,417,335</u>
Net assets at beginning of year	<u>1,286,678</u>	<u>953,310</u>	<u>4,953,244</u>	<u>1,949,946</u>	<u>2,153,862</u>	<u>-</u>	<u>11,297,040</u>
Net assets at end of year	<u>\$ 1,999,921</u>	<u>\$ 984,962</u>	<u>\$ 5,105,259</u>	<u>\$ 2,029,178</u>	<u>\$ 2,595,055</u>	<u>\$ -</u>	<u>\$ 12,714,375</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

**Consolidating Schedule of Activities and Changes in Net Assets
Year Ended June 30, 2017**

	Congreso de Latinos Unidos, Inc.		2800 American Street Company	216 Somerset Company	Pan American Academy Charter School	Eliminations	Total
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Unrestricted		
Revenue and support:							
Governmental grants and contracts	\$ 13,017,980	\$ -	\$ -	\$ -	\$ 9,071,066	\$ -	\$ 22,089,046
Corporation and foundation contributions	955,343	884,472	-	-	-	-	1,839,815
Fees and services	226,091	-	-	-	-	-	226,091
Fundraising revenue	334,836	-	-	-	-	-	334,836
Rental income and facilities management fees	112,104	-	1,344,460	114,027	-	(1,122,227)	448,364
Other	96,395	-	518,020	-	-	(455,179)	159,236
Net assets released from restrictions	1,013,016	(1,013,016)	-	-	-	-	-
	<u>15,755,765</u>	<u>(128,544)</u>	<u>1,862,480</u>	<u>114,027</u>	<u>9,071,066</u>	<u>(1,577,406)</u>	<u>25,097,388</u>
Expenses:							
Program services:							
Education and workforce services	4,788,224	-	-	-	-	-	4,788,224
Family and housing services	4,668,328	-	-	-	-	-	4,668,328
Health promotion and wellness	4,673,201	-	-	-	-	-	4,673,201
Education - Pan American Academy Charter School	-	-	-	-	8,747,743	(1,577,406)	7,170,337
	<u>14,129,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,747,743</u>	<u>(1,577,406)</u>	<u>21,300,090</u>
General and administrative	607,283	-	1,266,316	-	-	-	1,873,599
Fundraising	286,964	-	-	-	-	-	286,964
	<u>15,024,000</u>	<u>-</u>	<u>1,266,316</u>	<u>-</u>	<u>8,747,743</u>	<u>(1,577,406)</u>	<u>23,460,653</u>
Change in net assets before depreciation and amortization	731,765	(128,544)	596,164	114,027	323,323	-	1,636,735
Depreciation and amortization	48,266	-	442,511	163,553	242,903	-	897,233
Change in net assets	683,499	(128,544)	153,653	(49,526)	80,420	-	739,502
Net assets at beginning of year	603,179	1,081,854	4,799,591	1,999,472	2,073,442	-	10,557,538
Net assets at end of year	<u>\$ 1,286,678</u>	<u>\$ 953,310</u>	<u>\$ 4,953,244</u>	<u>\$ 1,949,946</u>	<u>\$ 2,153,862</u>	<u>\$ -</u>	<u>\$ 11,297,040</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidating Schedule of Functional Expenses
Year Ended June 30, 2018

	Congreso de Latinos Unidos, Inc.						2800 American Street Company	216 Somerset Company	Pan American Academy Charter School		
	Education and Workforce Services	Family and Housing Services	Health Promotion and Wellness	General and Administrative	Fundraising	Total	General and Administrative	General and Administrative	Educational Services	Eliminations	Total
Salaries	\$ 2,952,802	\$ 2,098,388	\$ 2,386,022	\$ 719,664	\$ 91,508	\$ 8,248,384	\$ -	\$ -	\$ 4,363,577	\$ -	\$ 12,611,961
Fringe benefits	632,523	505,071	554,472	197,781	20,774	1,910,621	-	-	2,122,176	-	4,032,797
Bad debt	-	-	-	3,537	-	3,537	-	-	-	-	3,537
Client activities and incentives	138,817	21,330	24,151	-	-	184,298	-	-	120,870	-	305,168
Communications - telephone	40,222	35,716	37,230	11,700	1,480	126,348	-	-	18,695	-	145,043
Consumable supplies	113,174	16,585	245,545	4,163	636	380,103	-	-	223,999	-	604,102
Cost of direct benefit to donors	-	-	-	118,678	-	118,678	-	-	26,883	-	145,561
Emergency payments	-	43,296	97,059	-	-	140,355	-	-	-	-	140,355
Equipment	51,533	26,419	29,280	17,236	3,819	128,287	-	-	32,366	-	160,653
Event and meetings	68,725	2,399	12,747	7,104	53,217	144,192	-	-	5,338	-	149,530
Fees and services	-	3,141	8,569	124,751	2,382	138,843	9,041	-	29,670	-	177,554
Indirect cost/ administrative overhead	247,612	184,577	403,176	(835,365)	-	-	-	-	-	-	-
Insurance	101,832	90,425	122,279	29,622	3,748	347,906	56,952	-	46,107	-	450,965
Interest expense including amortization of debt issuance costs	-	-	-	45,011	-	45,011	717,660	-	-	-	762,671
Marketing and outreach expenses	20,788	-	7,439	495	12,144	40,866	-	-	16,257	-	57,123
MS/information technology	47,193	41,907	43,682	13,728	1,737	148,247	-	-	83,435	-	231,682
Occupancy	227,468	201,987	329,753	66,184	8,371	833,763	618,646	-	1,636,894	(1,821,384)	1,267,919
Professional fees	274,335	11,610	342,568	76,456	100	705,069	13,315	-	998,331	-	1,716,715
Rental assistance	-	1,283,279	-	-	-	1,283,279	-	-	-	-	1,283,279
Training and conferences	36,950	17,355	7,793	-	-	62,098	-	-	87,002	-	149,100
Travel and related costs	96,590	25,337	52,609	3,512	374	178,422	-	-	44,279	-	222,701
	5,050,564	4,608,822	4,704,374	604,257	200,290	15,168,307	1,415,614	-	9,855,879	(1,821,384)	24,618,416
Depreciation and amortization	20,126	18,365	18,746	2,409	798	60,444	443,942	35,786	215,041	-	755,213
	<u>\$ 5,070,690</u>	<u>\$ 4,627,187</u>	<u>\$ 4,723,120</u>	<u>\$ 606,666</u>	<u>\$ 201,088</u>	<u>\$ 15,228,751</u>	<u>\$ 1,859,556</u>	<u>\$ 35,786</u>	<u>\$ 10,070,920</u>	<u>\$ (1,821,384)</u>	<u>\$ 25,373,629</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidating Schedule of Functional Expenses
Year Ended June 30, 2017

	Congreso de Latinos Unidos, Inc.						2800 American Street Company	216 Somerset Company	Pan American Academy Charter School		
	Education and Workforce Services	Family and Housing Services	Health Promotion and Wellness	General and Administrative	Fundraising	Total	General and Administrative	General and Administrative	Educational Services	Eliminations	Total
Salaries	\$ 2,921,832	\$ 2,163,870	\$ 2,287,857	\$ 540,563	\$ 124,707	\$ 8,038,829	\$ -	\$ -	\$ 4,260,422	\$ -	\$ 12,299,251
Fringe benefits	638,895	512,091	536,848	167,004	31,742	1,886,580	-	-	2,038,509	-	3,925,089
Bad debt	-	-	-	10,355	-	10,355	-	-	-	-	10,355
Client activities and incentives	81,228	22,295	55,406	-	-	158,929	-	-	119,136	-	278,065
Communications - telephone	54,828	40,605	42,930	9,305	2,340	150,008	-	-	11,789	-	161,797
Consumable supplies	136,968	28,192	256,136	4,823	1,665	427,784	-	-	112,608	-	540,392
Cost of direct benefit to donors	-	-	-	119,848	-	119,848	-	-	21,130	-	140,978
Emergency payments	-	40,668	106,173	-	-	146,841	-	-	-	-	146,841
Equipment	41,746	32,009	46,342	10,273	3,508	133,878	-	-	32,366	-	166,244
Event and meetings	48,764	10,822	17,011	4,486	58,484	139,567	-	-	1,721	-	141,288
Fees and services	-	907	11,945	163,577	7,021	183,450	36,593	-	7,768	-	227,811
Indirect cost/ administrative overhead	269,313	160,945	447,743	(878,001)	-	-	-	-	-	-	-
Insurance	111,770	82,775	114,950	18,968	4,770	333,233	55,118	-	41,576	-	429,927
Interest expense including amortization of debt issuance costs	-	-	-	67,563	-	67,563	689,860	-	-	-	757,423
Marketing and outreach expenses	6,536	1,135	20,489	8,384	22,045	58,589	-	-	2,169	-	60,758
MS/information technology	44,733	33,128	35,027	7,591	1,909	122,388	-	-	45,622	-	168,010
Occupancy	198,575	175,733	315,211	43,134	9,882	742,535	484,745	-	1,337,968	(1,577,406)	987,842
Professional fees	147,749	3,703	315,756	306,179	18,042	791,429	-	-	593,133	-	1,384,562
Rental assistance	-	1,304,304	-	-	-	1,304,304	-	-	-	-	1,304,304
Training and conferences	9,374	21,296	7,685	228	-	38,583	-	-	93,856	-	132,439
Travel and related costs	75,913	33,850	55,692	3,003	849	169,307	-	-	27,970	-	197,277
	4,788,224	4,668,328	4,673,201	607,283	286,964	15,024,000	1,266,316	-	8,747,743	(1,577,406)	23,460,653
Depreciation and amortization	15,383	14,997	15,013	1,951	922	48,266	442,511	163,553	242,903	-	897,233
	<u>\$ 4,803,607</u>	<u>\$ 4,683,325</u>	<u>\$ 4,688,214</u>	<u>\$ 609,234</u>	<u>\$ 287,886</u>	<u>\$ 15,072,266</u>	<u>\$ 1,708,827</u>	<u>\$ 163,553</u>	<u>\$ 8,990,646</u>	<u>\$ (1,577,406)</u>	<u>\$ 24,357,886</u>