

**EISNERAMPER**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**  
**(with consolidating supplementary information)**



# CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

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## 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, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, 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 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.



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## **Opinion**

In our opinion, the consolidated financial statements referenced to on the previous page present fairly, in all material respects, the consolidated financial position of Congreso de Latinos Unidos, Inc. and Affiliates as of June 30, 2021 and 2020, 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating supplementary information shown on pages 23 to 28 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain 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*

EISNERAMPER LLP  
Philadelphia, Pennsylvania  
November 1, 2021



# CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

## Consolidated Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1,653,137	\$ 3,088,812
Restricted cash	1,879,477	1,992,163
Accounts receivable:		
Related party	112,997	71,533
Other	477,741	373,957
Contributions receivable:		
Governmental grants and contracts, net of allowance for uncollectibles of \$28,520 in 2021 and \$45,301 in 2020	4,163,098	3,868,000
Promises to give	20,000	20,000
Investments	5,157,252	157,686
Prepaid expenses and other assets	425,547	347,510
Total current assets	<b>13,889,249</b>	9,919,661
Deferred rental income	148,226	96,331
Property and equipment, net of accumulated depreciation of \$11,072,055 in 2021 and \$10,494,200 in 2020	<b>16,998,270</b>	15,874,289
	<b>\$ 31,035,745</b>	<b>\$ 25,890,281</b>
<b>LIABILITIES</b>		
Current liabilities:		
Current portion of long-term debt	\$ 1,647,401	\$ 877,403
Accounts payable and accrued expenses	925,487	679,076
Interest payable	15,695	16,090
Unearned revenue	80,506	164,439
Total current liabilities	<b>2,669,089</b>	1,737,008
Long-term debt, net of current portion, discounts and debt issuance costs	<b>11,797,740</b>	11,833,302
Total liabilities	<b>14,466,829</b>	13,570,310
<b>NET ASSETS</b>		
Without donor restrictions	10,175,228	10,727,144
With donor restrictions	6,393,688	1,592,827
Total net assets	<b>16,568,916</b>	12,319,971
	<b>\$ 31,035,745</b>	<b>\$ 25,890,281</b>

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Consolidated Statements of Activities and Changes in Net Assets

	Year Ended June 30,					
	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Revenue and support:</b>						
Governmental grants and contracts	\$ 13,832,328	\$ 210,104	\$ 14,042,432	\$ 14,721,339	\$ -	\$ 14,721,339
Corporation and foundation contributions	1,132,724	5,490,617	6,623,341	487,592	1,313,876	1,801,468
Fee-for-service revenue	254,416	-	254,416	400,418	-	400,418
Fundraising revenue	140,876	-	140,876	228,653	-	228,653
Rental income and fees	962,186	-	962,186	972,805	-	972,805
Investment income (loss)	245,697	-	245,697	(11,023)	-	(11,023)
Other	513,271	-	513,271	525,957	-	525,957
Net assets released from restrictions	899,860	(899,860)	-	636,058	(636,058)	-
	<u>17,981,358</u>	<u>4,800,861</u>	<u>22,782,219</u>	<u>17,961,799</u>	<u>677,818</u>	<u>18,639,617</u>
<b>Expenses:</b>						
Program services:						
Education and workforce services	4,746,663	-	4,746,663	4,983,103	-	4,983,103
Family and housing services	5,803,318	-	5,803,318	5,815,782	-	5,815,782
Health promotion and wellness	4,991,912	-	4,991,912	4,783,631	-	4,783,631
	<u>15,541,893</u>	<u>-</u>	<u>15,541,893</u>	<u>15,582,516</u>	<u>-</u>	<u>15,582,516</u>
Supporting services:						
General and administrative	2,304,615	-	2,304,615	2,116,058	-	2,116,058
Fundraising	108,911	-	108,911	129,475	-	129,475
	<u>17,955,419</u>	<u>-</u>	<u>17,955,419</u>	<u>17,828,049</u>	<u>-</u>	<u>17,828,049</u>
<b>Change in net assets before depreciation</b>	<b>25,939</b>	<b>4,800,861</b>	<b>4,826,800</b>	<b>133,750</b>	<b>677,818</b>	<b>811,568</b>
<b>Depreciation</b>	<b>577,855</b>	<b>-</b>	<b>577,855</b>	<b>570,729</b>	<b>-</b>	<b>570,729</b>
<b>Change in net assets</b>	<b>(551,916)</b>	<b>4,800,861</b>	<b>4,248,945</b>	<b>(436,979)</b>	<b>677,818</b>	<b>240,839</b>
Net assets at beginning of year	<u>10,727,144</u>	<u>1,592,827</u>	<u>12,319,971</u>	<u>11,164,123</u>	<u>915,009</u>	<u>12,079,132</u>
<b>Net assets at end of year</b>	<b>\$ 10,175,228</b>	<b>\$ 6,393,688</b>	<b>\$ 16,568,916</b>	<b>\$ 10,727,144</b>	<b>\$ 1,592,827</b>	<b>\$ 12,319,971</b>

See notes to consolidated financial statements

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

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021**

	Program Services				Supporting Services		
	Education and Workforce Services	Family and Housing Services	Health Promotion and Wellness	Total	General and Administrative	Fundraising	Total
Salaries	\$ 2,975,855	\$ 2,930,123	\$ 2,907,940	\$ 8,813,918	\$ 479,004	\$ 65,656	\$ 9,358,578
Fringe benefits	714,029	703,056	697,733	2,114,818	116,181	15,754	2,246,753
Bad debt	-	-	-	-	14,428	-	14,428
Other client support costs	190,596	50,977	9,116	250,689	-	-	250,689
Communications - telephone	34,897	56,102	36,477	127,476	14,933	-	142,409
Consumable supplies	43,344	54,135	244,663	342,142	6,764	-	348,906
Emergency payments	507	46,743	72,528	119,778	250	-	120,028
Equipment	91,305	94,500	160,329	346,134	78,380	4,373	428,887
Other event and meeting costs	7,599	5,252	14,224	27,075	15,649	15,024	57,748
Fees and services	15	-	10,625	10,640	144,917	7,976	163,533
Insurance	71,565	99,602	55,070	226,237	151,001	-	377,238
Interest expense, including amortization of debt issuance costs	-	-	-	-	795,585	-	795,585
Marketing and outreach	3,844	7,114	12,136	23,094	5,176	59	28,329
MIS/information technology	52,751	67,217	58,138	178,106	25,236	-	203,342
Occupancy	154,509	237,993	266,592	659,094	378,630	-	1,037,724
Professional fees	396,817	19,681	435,048	851,546	76,177	-	927,723
Rental assistance	-	1,410,078	-	1,410,078	-	-	1,410,078
Training and conference fees	4,376	5,490	6,900	16,766	1,521	69	18,356
Travel and related costs	4,654	15,255	4,393	24,302	783	-	25,085
<b>Total expenses before depreciation</b>	<b>4,746,663</b>	<b>5,803,318</b>	<b>4,991,912</b>	<b>15,541,893</b>	<b>2,304,615</b>	<b>108,911</b>	<b>17,955,419</b>
Depreciation	14,312	17,718	48,357	80,387	497,128	340	577,855
<b>Total expenses</b>	<b>\$ 4,760,975</b>	<b>\$ 5,821,036</b>	<b>\$ 5,040,269</b>	<b>\$ 15,622,280</b>	<b>\$ 2,801,743</b>	<b>\$ 109,251</b>	<b>\$ 18,533,274</b>

See notes to consolidated financial statements

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

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2020**

	<b>Program Services</b>				<b>Supporting Services</b>		
	<b>Education and Workforce Services</b>	<b>Family and Housing Services</b>	<b>Health Promotion and Wellness</b>	<b>Total</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
<b>Salaries</b>	\$ 3,227,789	\$2,784,908	\$ 2,734,023	\$ 8,746,720	\$ 361,836	\$ 77,152	\$ 9,185,708
<b>Fringe benefits</b>	777,663	670,961	658,701	2,107,325	87,176	18,588	2,213,089
<b>Bad debt</b>	-	-	-	-	78,478	-	78,478
<b>Other client support costs</b>	134,066	23,479	7,321	164,866	-	-	164,866
<b>Communications - telephone</b>	35,973	58,366	36,327	130,666	11,267	-	141,933
<b>Consumable supplies</b>	115,182	39,163	279,350	433,695	6,875	989	441,559
<b>Emergency payments</b>	-	67,570	115,880	183,450	-	-	183,450
<b>Equipment</b>	34,938	43,631	38,840	117,409	20,130	6,854	144,393
<b>Other event and meeting costs</b>	22,792	9,953	15,496	48,241	30,079	19,780	98,100
<b>Fees and services</b>	-	-	11,454	11,454	128,309	3,946	143,709
<b>Insurance</b>	78,958	91,717	73,335	244,010	131,566	-	375,576
<b>Interest expense, including amortization of debt issuance costs</b>	-	-	-	-	791,555	-	791,555
<b>Marketing and outreach</b>	12,415	-	517	12,932	10,694	443	24,069
<b>MIS/information technology</b>	55,119	58,413	52,367	165,899	5,570	-	171,469
<b>Occupancy</b>	179,047	183,774	259,346	622,167	316,035	-	938,202
<b>Professional fees</b>	264,522	86,375	446,831	797,728	132,546	-	930,274
<b>Rental assistance</b>	-	1,664,718	-	1,664,718	-	-	1,664,718
<b>Training and conference fees</b>	12,791	5,008	15,639	33,438	1,150	-	34,588
<b>Travel and related costs</b>	31,848	27,746	38,204	97,798	2,792	1,723	102,313
<b>Total expenses before depreciation</b>	4,983,103	5,815,782	4,783,631	15,582,516	2,116,058	129,475	17,828,049
<b>Depreciation</b>	14,695	17,424	14,312	46,431	523,910	388	570,729
<b>Total expenses</b>	<u>\$ 4,997,798</u>	<u>\$5,833,206</u>	<u>\$ 4,797,943</u>	<u>\$ 15,628,947</u>	<u>\$ 2,639,968</u>	<u>\$ 129,863</u>	<u>\$ 18,398,778</u>

See notes to consolidated financial statements



# CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

## Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,248,945	\$ 240,839
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	577,855	570,729
Amortization of loan closing costs and bond discounts	150,395	131,151
Bad debt	14,428	78,478
Donated securities	(5,003,914)	-
Realized and unrealized (gain) loss on investments	(245,697)	11,023
Deferred rental income	(51,895)	(96,331)
Changes in assets and liabilities:		
Accounts receivable - due from related party	(41,464)	35,326
Accounts receivable - other	(103,784)	(92,677)
Contributions receivable - governmental grants and contracts	(309,526)	290,553
Contributions receivable - promises to give	-	(10,000)
Prepaid expenses and other assets	(78,037)	(233,695)
Accounts payable and accrued expenses	246,411	263,747
Interest payable	(395)	(556)
Unearned revenue	(83,933)	50,250
Net cash provided by (used in) operating activities	<u>(680,611)</u>	<u>1,238,837</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(4,140,500)	(5,484)
Proceeds from sale of investments	4,390,545	24,999
Purchase of property and equipment	(1,701,836)	(494,900)
Net cash used in investing activities	<u>(1,451,791)</u>	<u>(475,385)</u>
<b>Cash flows from financing activities:</b>		
Debt issuance costs paid	(29,300)	-
Payments on long-term debt	(1,946,659)	(216,925)
Proceeds from borrowings on long-term debt	2,560,000	1,425,000
Net cash provided by financing activities	<u>584,041</u>	<u>1,208,075</u>
<b>Net increase (decrease) in cash and restricted cash</b>	<b>(1,548,361)</b>	<b>1,971,527</b>
Cash and restricted cash at beginning of year	<u>5,080,975</u>	<u>3,109,448</u>
<b>Cash and restricted cash at end of year</b>	<b><u>\$ 3,532,614</u></b>	<b><u>\$ 5,080,975</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 645,585</u>	<u>\$ 660,960</u>

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE A - ORGANIZATION AND BASIS OF PRESENTATION

Congreso de Latinos Unidos, Inc. (“Congreso”) is a multi-service 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. In FY21, through the COVID-19 pandemic, Congreso was able to serve 8,895 unduplicated clients with 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 a GED testing center, adult education and workforce programming including Commercial Driver’s License Class A courses, ESL courses, digital literacy courses, and post-secondary options such as Harcum College at Congreso. Services in FHS include parenting classes, housing and financial counseling, rental assistance, truancy prevention and services, the Family Empowerment Center, East Division Crime Victims Services, the Latina Domestic Violence Program, and additional social services. The HPW Division houses Congreso’s Federally Qualified Health Center which offers a variety of primary care, pediatrics, family planning and COVID-related services as well as the breastfeeding and Esfuerzo HIV/AIDS prevention and medical case management 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.

The accompanying consolidated financial statements contain the accounts of Congreso, 2800 American, 216 Somerset, and CBS (collectively, the “Organization”). All significant intercompany activity has been eliminated in consolidation.

#### 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] Basis of presentation:

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

##### [2] Classification of net assets:

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed (or certain grantor-imposed) restrictions.

# CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [2] Classification of net assets: (continued)

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization reports contributions with donor restrictions as support without donor restrictions if the restrictions are met in the same reporting period as when the contributions are received.

#### [3] Cash and restricted cash:

Restricted cash represents various amounts that are restricted as to use and are not available for use in operations. Restrictions include escrows for 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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,653,137	\$ 3,088,812
Restricted cash	<u>1,879,477</u>	<u>1,992,163</u>
Total cash and restricted cash shown in the consolidated statements of cash flows	<u>\$ 3,532,614</u>	<u>\$ 5,080,975</u>

#### [4] Revenue recognition – contributions:

##### *Corporations and foundations*

Foundation and corporate contributions, including unconditional promises to give, are considered to be contribution revenue as donors are not receiving a benefit from the transactions. Contributions are recognized as revenue 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 - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

##### *Government grants and contracts*

Funding for the Organization's activities is achieved substantially through cost reimbursement government grants and contracts. These grants and contracts provide funding to be used for purposes indicated in the grant and contract agreements. As the government is not receiving a benefit as a result of these transactions, the grants and contracts are considered to be contributions to the Organization. The grant and contract agreements contain specific service and/or spending requirements. As these stipulations create a barrier that must be achieved, government grants and contracts are considered to be conditional contributions until such time as the barriers are overcome. Contributions from these grant and contract agreements are therefore recognized as revenue when costs are incurred and specific service requirements are met, as required by the agreements. Conditional government grants and contracts of \$2,890,882 and \$3,911,591 as of June 30, 2021 and 2020, respectively, will be recognized in subsequent years as costs are incurred and service requirements are met.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [4] Revenue recognition – contributions: (continued)

###### *Government grants and contracts (continued)*

Until the financial information required by the funding sources is accepted, costs billed for program services under cost reimbursement contracts are subject to review and possible disallowance. In management's opinion, the potential for material disallowances is remote, and, therefore, is not a barrier that would prevent the recognition of revenue.

###### *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 each of the years ended June 30, 2021 and 2020. 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 U.S. GAAP.

##### [5] Revenue recognition – fee-for-service revenue:

Fees and services revenue is primarily generated via counseling services provided to program participants. The Organization recognizes revenue to reflect the transfer of services to program participants in an amount equal to the consideration the Organization is expected to receive for those services as required under Accounting Standard Codification ("ASC") Topic 606 – *Revenue from Contracts with Customers*.

The Organization's sole obligation is to deliver counseling services over a session. A performance obligation is considered satisfied at the time a single unit of service is completed; that is, each 15 minute interval over the course of a counseling session. As a result, revenue is recognized as the sessions are completed, which satisfies the performance obligation. There were no performance obligations that were unsatisfied or partially unsatisfied as of June 30, 2021 or 2020.

Amounts earned from the counseling sessions, representing the transaction price, are due from third-party payors (primarily health insurance companies) and are based on predetermined rates, as set by the third-party payor, for the service provided. Generally, the Organization bills third-party payors monthly after the services have been provided to the program participant. Collections are normally 60 to 90 days after billing. Adjustments to the amounts billed are occasionally made by the insurance companies but these adjustments are generally not significant so are recorded to bad debt expense as they occur.

During the years ended June 30, 2021 and 2020, fees and services revenue recognized amounted to \$254,416 and \$400,418, respectively. Accounts receivable related to these services amounted to \$109,030 and \$77,091 as of June 30, 2021 and 2020, respectively, which are included in accounts receivable – other on the consolidated statements of financial position.

##### [6] Revenue recognition – rental income and fees:

The Organization accounts for rental income and fees under ASC 842, *Leases (Topic 842)*. The Organization has determined that the risks and benefits of ownership remain with the Organization; therefore, leases are accounted for as operating leases. Rental income is recognized on a straight-line basis over the terms of the leases. Lessees are also required to pay additional rents intended to cover most costs, fees, payments and expenses of the properties. Additional rents are determined by the lessors each year based on actual costs incurred and are treated as variable rents. The variable rents are recognized in the period in which the services are provided or costs are incurred.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [6] Revenue recognition – rental income and fees: (continued)

Under the straight-line basis, the Organization records the difference between straight-line rental income recognized and amounts received as deferred rental income on the consolidated statements of financial position.

##### [7] Receivables and allowance for doubtful accounts:

Accounts receivable consist of amounts due on fee-for-service arrangements and amounts due for rent. Contributions receivable consist of amounts due on government grants and contracts and amounts due from promises to give.

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 established an allowance for doubtful accounts of \$28,520 and \$45,301 as of June 30, 2021 and 2020, respectively, against the governmental grants and contracts receivable based on their analysis.

All outstanding government grants and contracts and promises to give reported on the consolidated statements of financial position are expected to be received in less than one year; therefore, no discount is recorded as of June 30, 2021 or 2020.

##### [8] Investments:

Investments in marketable securities are stated at fair value in the consolidated statements of financial position. Interest and dividends and realized and unrealized gains and losses are included in other in the accompanying consolidated statements of activities and changes in net assets. Interest and dividends are recognized when earned. Increases and decreases in fair value are recognized in the periods in which they occur.

##### [9] 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 3 to 40 years.

Included with property and equipment are leased assets, which are disclosed more fully in Note F. Management has determined that the same accounting treatment will be used for both leased and nonleased property and equipment. This determination was made based on historical trends of use of the assets by the sole tenant.

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, 2021 and 2020, 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.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [10] Debt issuance costs:

Debt issuance costs related to a recognized debt liability are presented in the consolidated statements of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Debt issuance costs are amortized to interest expense over the term of the related debt note using the straight-line method, which approximates the effective interest rate method.

##### [11] PPP loan payable:

The Organization has elected to record the Paycheck Protection Program loan ("PPP Loan") as debt. Loan forgiveness will be recognized when the conditions for forgiveness are met and the forgiveness amount is formally approved by the bank and the U.S. Small Business Administration ("SBA").

##### [12] Functional allocation of expenses:

Directly identifiable expenses are charged to program services, general and administrative, and fundraising as incurred. Salaries, payroll taxes, and benefits are charged to the different functions based on the employees' actual functions performed. Expenses related to more than one function are allocated among the functions benefited, as follows: communications – telephone, supplies, equipment, insurance, MIS/information technology, and occupancy - based on actual program FTE's. Depreciation is allocated to multiple functions based on total expenses per functional area.

##### [13] 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.

##### [14] Federal tax status:

The Internal Revenue Service has classified Congreso, 2800 American, and 216 Somerset 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 June 30, 2021 and 2020, 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, 2021 or 2020. Because Congreso is the sole member of CBS, this LLC is included in Congreso's tax return.

##### [15] Reclassification:

Certain amounts in the 2020 consolidated financial statement have been reclassified, with no effect on net assets, to conform to the current year's presentation.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,653,137	\$ 3,088,812
Restricted cash	1,879,477	1,212,439
Accounts receivable:		
Related party	112,997	71,533
Other	477,741	373,957
Contributions receivable:		
Governmental grants and contracts, net	4,163,098	3,868,000
Promises to give	20,000	20,000
Investments	<u>5,157,252</u>	<u>157,686</u>
Financial assets, at year end	<b>13,463,702</b>	8,792,427
Financial assets not available at year-end:		
Investments not expected to be released from restriction during fiscal year 2022	<u>4,000,000</u>	-
Financial assets available to meet cash needs for general expenditures within one year	<u><b>\$ 9,463,702</b></u>	<u><b>\$ 8,792,427</b></u>

General expenditures include program service expenses, general and administrative expenses, and fundraising expenses expected to be paid in the subsequent year. Restricted cash represents escrow and reserve funds expected to be used in the subsequent year. Investments reflect marketable securities and include amounts associated with the Organization's Board-designated endowment fund. Although the Organization does not anticipate using funds from the Board-designated endowment fund for general expenditures, these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term liquid investments. As more fully described in Note H, the Organization also has a committed line-of-credit in the amount of \$2,400,000 as of June 30, 2021 and 2020, all of which could be drawn upon in both years in the event of an unanticipated liquidity need.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE D - FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs.

In determining fair value, the Organization uses various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the topic are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access.

Level 2 - Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The 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 valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2021 or 2020.

*Stock ETFs* – Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds* – Valued at the closing price reported on the active market on which the individual mutual funds are traded.

*Corporate bonds and global notes* – Valued at the closing price reported on the active market on which the individual corporate bonds and global notes are traded.



## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level, the Organization's investments at fair value, within the aforementioned fair value hierarchy, as of June 30, 2021 and 2020:

Investment Assets at Fair Value as of June 30, 2021				
	Total	Level 1	Level 2	Level 3
Investments:				
Stock ETFs	\$ 1,123,195	\$ 1,123,195	\$ -	\$ -
Mutual funds	4,007,307	4,007,307	-	-
Corporate bonds and global notes	26,750	26,750	-	-
Total investment assets at fair value	<u>\$ 5,157,252</u>	<u>\$ 5,157,252</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Assets at Fair Value as of June 30, 2020				
	Total	Level 1	Level 2	Level 3
Investments:				
Stock ETFs	\$ 31,598	\$ 31,598	\$ -	\$ -
Mutual funds	100,158	100,158	-	-
Corporate bonds and global notes	25,930	25,930	-	-
Total investment assets at fair value	<u>\$ 157,686</u>	<u>\$ 157,686</u>	<u>\$ -</u>	<u>\$ -</u>

#### NOTE E - BOARD-DESIGNATED ENDOWMENT FUND

During the year ended June 30, 2021, the Board of directors approved the creation of a Board-Designated endowment fund. The fund is included in the Organization's net assets without donor restrictions and is invested with the purpose of providing permanent funding for the mission of Congreso de Latinos Unidos.

##### Return Objectives and Risk Parameters

The investment objective is the preservation of the capital as well as providing investment returns over time that exceed inflation without bearing significant market or credit risk.

##### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization has elected to adopt an asset allocation consistent with its overall long-term investment strategy.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE E - BOARD-DESIGNATED ENDOWMENT FUND (CONTINUED)

##### Spending Policy

The principal of the Board-designated endowment fund is protected and cannot be spent unless specifically authorized by the board of directors for an emergency liquidity need by the Organization. At the discretion of the Board, up to 7% of the 12-quarter rolling average of the fair market value of the endowment fund may be utilized for program and agency expenses.

The Board-designated endowment fund and related activity as of and for the year ended June 30, 2021 consists of the following:

Balance as of June 30, 2020	\$ -
Transfer of investments	<u>202,996</u>
Balance as of June 30, 2021	<u><u>\$ 202,996</u></u>

There were no Board-designated endowments as of or during the year ended June 30, 2020.

#### NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2021 and 2020:

	<u>2021</u>		
	<u>Property and Equipment Held and Used</u>	<u>Property and Equipment Held for Lease</u>	<u>Total Property and Equipment</u>
Building and improvements	\$ 10,724,689	\$ 16,579,730	\$ 27,304,419
Furniture and fixtures	557,114	-	557,114
Equipment	<u>208,792</u>	<u>-</u>	<u>208,792</u>
	11,490,595	16,579,730	28,070,325
Less accumulated depreciation	<u>7,413,604</u>	<u>3,658,451</u>	<u>11,072,055</u>
	<u><u>\$ 4,076,991</u></u>	<u><u>\$ 12,921,279</u></u>	<u><u>\$ 16,998,270</u></u>

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE F - PROPERTY AND EQUIPMENT (CONTINUED)

	2020		
	Property and Equipment Held and Used	Property and Equipment Held for Lease	Total Property and Equipment
Building and improvements	\$ 9,092,731	\$ 16,541,884	\$ 25,634,615
Furniture and fixtures	525,082	-	525,082
Equipment	208,792	-	208,792
	<u>9,826,605</u>	<u>16,541,884</u>	<u>26,368,489</u>
Less accumulated depreciation	<u>7,172,265</u>	<u>3,321,935</u>	<u>10,494,200</u>
	<u>\$ 2,654,340</u>	<u>\$ 13,219,949</u>	<u>\$ 15,874,289</u>

Depreciation on property and equipment held and used was \$241,339 and \$214,678 for the years ended June 30, 2021 and 2020, respectively. Depreciation on property and equipment held for lease was \$336,516 and \$356,051 for the years ended June 30, 2021 and 2020, respectively.

#### NOTE G - LONG-TERM DEBT

Long-term debt as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
PNC Bank, \$1,425,000 PPP Loan pursuant to the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"); neither principal nor interest was due for a six-month deferral period through October 2020; loan may be forgiven subject to bank approval and in accordance with SBA guidelines; outstanding principal of the loan that is not forgiven under the PPP Loan program at the end of the six-month deferral period will convert to a term loan with an interest rate of 1% payable in equal installments of principal and interest over the next 18 months, beginning in November 2020; the loan matures in April 2022; the Organization applied for full forgiveness of the loan during 2021; no payments are being made until the forgiveness determination is received from the SBA	<b>\$ 1,425,000</b>	\$ 1,425,000
TD Bank, \$2,560,000 term loan to restructure debt and make capital improvements to property and equipment located at 216 Somerset Street; principal together with interest at 3.52% is due in monthly payments of \$12,912; all outstanding principal and interest are due on May 1, 2031; collateralized by substantially all business assets of 216 Somerset Street	<u><b>2,554,094</b></u>	<u>-</u>
Subtotal, carried forward	<b>3,979,094</b>	1,425,000

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE G - LONG-TERM DEBT (CONTINUED)

	<u>2021</u>	<u>2020</u>
Subtotal, brought forward	<b>3,979,094</b>	1,425,000
TD Bank, \$1,922,000 term loan to restructure debt and make capital improvements to property and equipment located at 216 Somerset Street; principal together with interest at 5.17% is due in monthly payments of \$15,446; all outstanding principal and interest are due in December 2028; collateralized by substantially all business assets of 216 Somerset Street; fully repaid in 2021 with proceeds from the TD Bank loan described above	-	1,790,410
Philadelphia Authority for Industrial Development ("PAID"); \$7,870,000 obtained by 2800 American through a nonrecourse tax-exempt revenue bond issuance ("Series 2018A") as part of PAID's tax-exempt bond program; bears interest at rates ranging from 5.50% to 5.75%; requires monthly interest payments and matures in varying amounts on July 1 of each year, at which time the associated outstanding principal and accrued interest are due; maturities commence on July 1, 2019 with the final maturity on July 1, 2048; on January 1, 2029, PAID has the option to redeem all outstanding Series 2018A bonds scheduled to mature on or after July 1, 2029; subject to certain financial and nonfinancial covenants; collateralized by the property located at 2830 American Street and future revenues received by the PAACS from the School District of Philadelphia	<b>7,795,000</b>	7,855,000
PAID; \$240,000 obtained by 2800 American through a nonrecourse taxable revenue bond issuance ("Series 2018B"); bears interest at a rate of 6.38%; requires monthly interest payments and matures in varying amounts on July 1 of each year, at which time the associated outstanding principal and accrued interest are due; maturities commence on July 1, 2019 with the final maturity on July 1, 2021; subject to certain financial and nonfinancial covenants; collateralized by the property located at 2830 American Street and future revenues received by PAACS from the School District of Philadelphia	<b>115,000</b>	165,000
Subtotal, carried forward	<b>11,889,094</b>	11,235,410

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE G - LONG-TERM DEBT (CONTINUED)

	<u>2021</u>	<u>2020</u>
Subtotal, brought forward	11,889,094	11,235,410
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	<u>1,831,616</u>	<u>1,871,959</u>
	<b>13,720,710</b>	13,107,369
Less current portion	<b>1,647,401</b>	877,403
Less unamortized discount on bond issuance	<b>17,768</b>	18,426
Less unamortized debt issuance costs	<u>257,801</u>	<u>378,238</u>
	<u><b>\$ 11,797,740</b></u>	<u><b>\$ 11,833,302</b></u>

Scheduled future principal maturities of long-term debt as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 1,647,401
2023	237,096
2024	246,771
2025	262,131
2026	272,499
Thereafter	<u>11,054,812</u>
	<u><u><b>\$ 13,720,710</b></u></u>

Interest expense for long-term debt for the years ended June 30, 2021 and 2020 was \$795,585 and \$791,555, respectively, including amortization of debt issuance costs and bond discount of \$150,395 and \$131,151, respectively.

The terms of the loans for the Series 2018A and Series 2018B bond issuances provide for a sinking fund to be funded by monthly payments of \$9,583 as of June 30, 2021. The required payments may change year to year and are set at amounts that ensure that the balance in the sinking fund is sufficient to cover the maturities and related accrued interest of the subsequent year. For the years ended June 30, 2021 and 2020, the balance in the sinking fund was \$677,963 and \$672,963, respectively, and is included in restricted cash on the consolidated statements of financial position.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE H - LINE-OF-CREDIT

Congreso has a bank line-of-credit with a maximum borrowing availability of \$2,400,000, bearing interest at 2.25% above the LIBOR rate (LIBOR was 0.10% as of June 30, 2021). 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 June 30, 2021 or 2020. The line-of-credit expires on February 15, 2022. There was no interest expense incurred on the line-of-credit for either of the years ended June 30, 2021 or 2020.

#### NOTE I - RELATED PARTY TRANSACTIONS

Congreso has the ability to appoint four of the nine board members of PAACS.

2800 American has two lease agreements with the PAACS, a Pennsylvania non-profit corporation, whereby PAACS leases space from 2800 American to operate a charter school. The lease agreements call for monthly base rental payments of approximately \$47,000 and \$11,000, respectively, and expire in June 2048 and February 2044, respectively. PAACS is also required to pay additional rents, as stipulated in the agreements.

CBS has an agreement with PAACS whereby CBS provides facility management services. Monthly payments under the agreement vary and are determined yearly when the annual contract renews.

Total rent and other income earned from PAACS amounted to \$1,280,766 and \$1,351,491 for the years ended June 30, 2021 and 2020, respectively. Amounts due from PAACS for rent and other services were \$112,997 and \$71,533 as of June 30, 2021 and 2020, respectively, and are included in accounts receivable – related party on the consolidated statements of financial position.

#### NOTE J - LEASE INCOME

The Organization leases office space to PAACS and a third-party tenant under long-term leases expiring through June 2048. Fixed and variable lease income recognized under these agreements for the years ended June 30, 2021 and 2020 is as follows:

	2021		
	PAACS	Other	Total
Fixed lease income	\$ 754,214	\$ 34,093	\$ 788,307
Variable lease income	173,879	-	173,879
Total lease income	<u>\$ 928,093</u>	<u>\$ 34,093</u>	<u>\$ 962,186</u>
	2020		
	PAACS	Other	Total
Fixed lease income	\$ 754,214	\$ 36,179	\$ 790,393
Variable lease income	182,412	-	182,412
Total lease income	<u>\$ 936,626</u>	<u>\$ 36,179</u>	<u>\$ 972,805</u>

Deferred rental income, representing the difference between the amount recorded on a straight-line basis and actual amounts received, amounted to \$148,226 and \$96,331 as of June 30, 2021 and 2020, respectively.

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE J - LEASE INCOME (CONTINUED)

Scheduled future rental receipts under the long-term leases as of June 30, 2021 are as follows:

Year Ending June 30,	PAACS	Other	Total
2022	\$ 711,477	\$ 30,582	\$ 742,059
2023	714,273	31,499	745,772
2024	720,237	32,444	752,681
2025	720,651	33,417	754,068
2026	725,790	19,830	745,620
Thereafter	16,303,567	-	16,303,567
	<u>\$ 19,895,995</u>	<u>\$ 147,772</u>	<u>\$ 20,043,767</u>

#### NOTE K - RETIREMENT PLAN

Congreso sponsors a 403(b) defined-contribution pension plan ("Plan") which allows its employees who regularly complete at least 20 hours of work per week to make pre-tax and/or Roth payroll 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. Participants are fully vested in the matching contributions after three years of service. Pension expense for the years ended June 30, 2021 and 2020 was \$105,369 and \$93,998, respectively.

#### NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	July 1, 2020	Contributions	Satisfaction of Program Restrictions	June 30, 2021
Education and workforce services	\$ 535,430	\$ 400,845	\$ (472,461)	\$ 463,814
Family and housing services	878,389	5,088,792	(347,077)	5,620,104
Health promotion and wellness	179,008	211,084	(80,322)	309,770
	<u>\$ 1,592,827</u>	<u>\$ 5,700,721</u>	<u>\$ (899,860)</u>	<u>\$ 6,393,688</u>
	July 1, 2019	Contributions	Satisfaction of Program Restrictions	June 30, 2020
Education and workforce services	\$ 453,707	\$ 469,157	\$ (387,434)	\$ 535,430
Family and housing services	208,177	828,847	(158,635)	878,389
Health promotion and wellness	253,125	15,872	(89,989)	179,008
	<u>\$ 915,009</u>	<u>\$ 1,313,876</u>	<u>\$ (636,058)</u>	<u>\$ 1,592,827</u>

## CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### NOTE M - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS AND CONTINGENCIES

##### *Concentrations in government grants and contracts*

The Organization receives a significant amount of its funding from the City of Philadelphia. This funding source accounted for 55% and 57% of total governmental grants and contracts revenue for the years ended June 30, 2021 and 2020, respectively. This funding source also accounted for 62% and 59% of total contributions receivable from governmental grants and contracts as of June 30, 2021 and 2020, respectively.

##### *Concentrations in corporation and foundation contributions*

During the year ended June 30, 2021, the Organization received an award from one donor for \$5,003,914. This award accounted for 76% of total corporation and foundation contributions for the year ended June 30, 2021.

##### *Concentration of credit and market risks*

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist primarily of cash and investments. At times, the Organization may have cash deposits and temporary cash investments with major financial institutions which exceed Federal Deposit Insurance Corporation limits. Management does not believe cash is subject to undue risk when balances exceed federally insured limits.

The Organization invests in investment securities that are exposed to various risks, such as interest rate, market and credit risk. It is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the consolidated financial statements.

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Organization's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Organization's investment results may be materially adversely affected.

##### *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, 2021 and 2020, 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.

##### *Other uncertainties*

The extent to which COVID-19 could have a material impact on the Organization's future business, financial condition and results of operations will depend on future developments as to the geographic presence of COVID-19 and government and health care response to such spread, which are presently uncertain.

#### NOTE N - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 1, 2021, which is the date the consolidated financial statements were available to be issued.



**CONSOLIDATING SUPPLEMENTARY INFORMATION**

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

**Consolidating Schedule of Financial Position  
June 30, 2021**

	Congreso de Latinos Unidos, Inc. and Subsidiary*	2800 American Street Company	216 Somerset Company	Eliminations	Total
<b>ASSETS</b>					
Current assets:					
Cash	\$ 1,213,905	\$ 68,151	\$ 371,081	\$ -	\$ 1,653,137
Restricted cash	870,519	1,008,958	-	-	1,879,477
Accounts receivable:					
Affiliates	-	1,538,607	2,340,512	(3,879,119)	-
Related party	10,857	102,140	-	-	112,997
Other	477,741	-	-	-	477,741
Contributions receivable:					
Governmental grants and contracts, net of allowance for uncollectibles of \$28,520	4,163,098	-	-	-	4,163,098
Promises to give	20,000	-	-	-	20,000
Investments	5,157,252	-	-	-	5,157,252
Prepaid expenses and other assets	425,547	-	-	-	425,547
<b>Total current assets</b>	<b>12,338,919</b>	<b>2,717,856</b>	<b>2,711,593</b>	<b>(3,879,119)</b>	<b>13,889,249</b>
Deferred rental income	-	148,226	-	-	148,226
Property and equipment, net of accumulated depreciation of \$11,072,055	1,984,620	13,131,139	1,882,511	-	16,998,270
Right of use assets	2,660,833	-	-	(2,660,833)	-
	<b>\$ 16,984,372</b>	<b>\$ 15,997,221</b>	<b>\$ 4,594,104</b>	<b>\$ (6,539,952)</b>	<b>\$ 31,035,745</b>
<b>LIABILITIES</b>					
Current liabilities:					
Current portion of long-term debt	\$ 1,425,000	\$ 157,564	\$ 64,837	\$ -	\$ 1,647,401
Current portion of lease liability	44,182	-	-	(44,182)	-
Accounts payable and accrued expenses	903,755	18,653	3,079	-	925,487
Interest payable	-	8,196	7,499	-	15,695
Due to affiliate	3,879,119	-	-	(3,879,119)	-
Unearned revenue	77,355	-	3,151	-	80,506
<b>Total current liabilities</b>	<b>6,329,411</b>	<b>184,413</b>	<b>78,566</b>	<b>(3,923,301)</b>	<b>2,669,089</b>
Long-term debt, net of current portion, discounts and debt issuance costs	-	9,337,539	2,460,201	-	11,797,740
Long-term lease liability, net of current portion	2,616,651	-	-	(2,616,651)	-
<b>Total liabilities</b>	<b>8,946,062</b>	<b>9,521,952</b>	<b>2,538,767</b>	<b>(6,539,952)</b>	<b>14,466,829</b>
<b>NET ASSETS</b>					
Without donor restrictions	1,644,622	6,475,269	2,055,337	-	10,175,228
With donor restrictions	6,393,688	-	-	-	6,393,688
<b>Total net assets</b>	<b>8,038,310</b>	<b>6,475,269</b>	<b>2,055,337</b>	<b>-</b>	<b>16,568,916</b>
	<b>\$ 16,984,372</b>	<b>\$ 15,997,221</b>	<b>\$ 4,594,104</b>	<b>\$ (6,539,952)</b>	<b>\$ 31,035,745</b>

\* 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, 2020**

	<b>Congreso de Latinos Unidos, Inc. and Subsidiary*</b>	<b>2800 American Street Company</b>	<b>216 Somerset Company</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash	\$ 3,029,631	\$ 59,181	\$ -	\$ -	\$ 3,088,812
Restricted cash	933,531	976,480	82,152	-	1,992,163
Accounts receivable:					
Affiliates	-	1,733,956	1,787,712	(3,521,668)	-
Related party	10,857	60,676	-	-	71,533
Other	373,957	-	-	-	373,957
Contributions receivable:					
Governmental grants and contracts, net of allowance for uncollectibles of \$45,301	3,868,000	-	-	-	3,868,000
Promises to give	20,000	-	-	-	20,000
Investments	157,686	-	-	-	157,686
Prepaid expenses and other assets	347,510	-	-	-	347,510
<b>Total current assets</b>	<b>8,741,172</b>	<b>2,830,293</b>	<b>1,869,864</b>	<b>(3,521,668)</b>	<b>9,919,661</b>
Deferred rental income	-	96,331	-	-	96,331
Property and equipment, net of accumulated depreciation of \$10,494,200	480,599	13,418,895	1,974,795	-	15,874,289
Right of use assets, net of current portion	2,705,764	-	-	(2,705,764)	-
	<u>\$ 11,927,535</u>	<u>\$ 16,345,519</u>	<u>\$ 3,844,659</u>	<u>\$ (6,227,432)</u>	<u>\$ 25,890,281</u>
<b>LIABILITIES</b>					
Current liabilities:					
Current portion of long-term debt	\$ 633,336	\$ 150,343	\$ 93,724	\$ -	\$ 877,403
Current portion of lease liability	44,931	-	-	(44,931)	-
Accounts payable and accrued expenses	657,044	22,032	-	-	679,076
Interest payable	-	8,377	7,713	-	16,090
Due to affiliate	3,521,668	-	-	(3,521,668)	-
Unearned revenue	164,439	-	-	-	164,439
<b>Total current liabilities</b>	<b>5,021,418</b>	<b>180,752</b>	<b>101,437</b>	<b>(3,566,599)</b>	<b>1,737,008</b>
Long-term debt, net of current portion, discounts and debt issuance costs	791,664	9,365,482	1,676,156	-	11,833,302
Long-term lease liability, net of current portion	2,660,833	-	-	(2,660,833)	-
<b>Total liabilities</b>	<b>8,473,915</b>	<b>9,546,234</b>	<b>1,777,593</b>	<b>(6,227,432)</b>	<b>13,570,310</b>
<b>NET ASSETS</b>					
Without donor restrictions	1,860,793	6,799,285	2,067,066	-	10,727,144
With donor restrictions	1,592,827	-	-	-	1,592,827
<b>Total net assets</b>	<b>3,453,620</b>	<b>6,799,285</b>	<b>2,067,066</b>	<b>-</b>	<b>12,319,971</b>
	<u>\$ 11,927,535</u>	<u>\$ 16,345,519</u>	<u>\$ 3,844,659</u>	<u>\$ (6,227,432)</u>	<u>\$ 25,890,281</u>

\* 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, 2021**

	Congreso de Latinos Unidos, Inc.		2800 American Street Company	216 Somerset Company		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions	Eliminations	Total
<b>Revenue and support:</b>						
Governmental grants and contracts	\$ 13,832,328	\$ 210,104	\$ -	\$ -	\$ -	\$ 14,042,432
Corporation and foundation contributions	1,132,124	5,490,617	600	-	-	6,623,341
Fee-for-service revenue	254,416	-	-	-	-	254,416
Fundraising revenue	140,876	-	-	-	-	140,876
Rental income and fees	173,879	-	811,214	219,443	(242,350)	962,186
Investment income	245,697	-	-	-	-	245,697
Other	59,819	-	548,776	304	(95,628)	513,271
Net assets released from restrictions	899,860	(899,860)	-	-	-	-
	<u>16,738,999</u>	<u>4,800,861</u>	<u>1,360,590</u>	<u>219,747</u>	<u>(337,978)</u>	<u>22,782,219</u>
<b>Expenses:</b>						
Program services:						
Education and workforce services	4,746,663	-	-	-	-	4,746,663
Family and housing services	5,803,318	-	-	-	-	5,803,318
Health promotion and wellness	4,991,912	-	-	-	-	4,991,912
	<u>15,541,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,541,893</u>
Supporting services:						
General and administrative	1,219,937	-	1,310,242	112,414	(337,978)	2,304,615
Fundraising	108,911	-	-	-	-	108,911
	<u>16,870,741</u>	<u>-</u>	<u>1,310,242</u>	<u>112,414</u>	<u>(337,978)</u>	<u>17,955,419</u>
<b>Change in net assets before depreciation</b>	<b>(131,742)</b>	<b>4,800,861</b>	<b>50,348</b>	<b>107,333</b>	<b>-</b>	<b>4,826,800</b>
<b>Depreciation</b>	<b>84,429</b>	<b>-</b>	<b>374,364</b>	<b>119,062</b>	<b>-</b>	<b>577,855</b>
<b>Change in net assets</b>	<b>(216,171)</b>	<b>4,800,861</b>	<b>(324,016)</b>	<b>(11,729)</b>	<b>-</b>	<b>4,248,945</b>
Net assets at beginning of year	1,860,793	1,592,827	6,799,285	2,067,066	-	12,319,971
<b>Net assets at end of year</b>	<b>\$ 1,644,622</b>	<b>\$ 6,393,688</b>	<b>\$ 6,475,269</b>	<b>\$ 2,055,337</b>	<b>\$ -</b>	<b>\$ 16,568,916</b>

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

**Consolidating Schedule of Activities and Changes in Net Assets  
Year Ended June 30, 2020**

	Congreso de Latinos Unidos, Inc.		2800 American Street Company	216 Somerset Company		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions	Eliminations	Total
<b>Revenue and support:</b>						
Governmental grants and contracts	\$14,721,339	\$ -	\$ -	\$ -	\$ -	\$ 14,721,339
Corporation and foundation contributions	487,592	1,313,876	-	-	-	1,801,468
Fee-for-service revenue	400,418	-	-	-	-	400,418
Fundraising revenue	228,653	-	-	-	-	228,653
Rental income and fees	144,102	-	849,613	221,440	(242,350)	972,805
Investment loss	(11,023)	-	-	-	-	(11,023)
Other	91,306	-	509,351	1,684	(76,384)	525,957
Net assets released from restrictions	636,058	(636,058)	-	-	-	-
	<u>16,698,445</u>	<u>677,818</u>	<u>1,358,964</u>	<u>223,124</u>	<u>(318,734)</u>	<u>18,639,617</u>
<b>Expenses:</b>						
Program services:						
Education and workforce services	4,983,103	-	-	-	-	4,983,103
Family and housing services	5,815,782	-	-	-	-	5,815,782
Health promotion and wellness	4,783,631	-	-	-	-	4,783,631
	<u>15,582,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,582,516</u>
Supporting services:						
General and administrative	1,051,730	-	1,283,872	99,190	(318,734)	2,116,058
Fundraising	129,475	-	-	-	-	129,475
	<u>16,763,721</u>	<u>-</u>	<u>1,283,872</u>	<u>99,190</u>	<u>(318,734)</u>	<u>17,828,049</u>
<b>Change in net assets before depreciation</b>	(65,276)	677,818	75,092	123,934	-	811,568
<b>Depreciation</b>	<u>50,088</u>	<u>-</u>	<u>416,768</u>	<u>103,873</u>	<u>-</u>	<u>570,729</u>
<b>Change in net assets</b>	(115,364)	677,818	(341,676)	20,061	-	240,839
Net assets at beginning of year	<u>1,976,157</u>	<u>915,009</u>	<u>7,140,961</u>	<u>2,047,005</u>	<u>-</u>	<u>12,079,132</u>
<b>Net assets at end of year</b>	<u>\$ 1,860,793</u>	<u>\$ 1,592,827</u>	<u>\$ 6,799,285</u>	<u>\$ 2,067,066</u>	<u>\$ -</u>	<u>\$ 12,319,971</u>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidating Schedule of Functional Expenses  
Year Ended June 30, 2021

	Congreso de Latinos Unidos, Inc.					2800 American Street Company	216 Somerset Company	Eliminations	Total	
	Education and Workforce Services	Family and Housing Services	Health Promotion and Wellness	General and Administrative	Fundraising	General and Administrative	General and Administrative			
Salaries	\$2,975,855	\$2,930,123	\$2,907,940	\$ 479,004	\$ 65,656	\$ 9,358,578	\$ -	\$ -	\$ -	\$ 9,358,578
Fringe benefits	714,029	703,056	697,733	116,181	15,754	2,246,753	-	-	-	2,246,753
Bad debt	-	-	-	14,428	-	14,428	-	-	-	14,428
Client activities and incentives	190,596	50,977	9,116	-	-	250,689	-	-	-	250,689
Communications - telephone	34,897	56,102	36,477	14,933	-	142,409	-	-	-	142,409
Consumable supplies	43,344	54,135	244,663	6,764	-	348,906	-	-	-	348,906
Emergency payments	507	46,743	72,528	250	-	120,028	-	-	-	120,028
Equipment	91,305	94,500	160,329	78,380	4,373	428,887	-	-	-	428,887
Event and meetings	7,599	5,252	14,224	15,649	15,024	57,748	-	-	-	57,748
Fees and services	15	-	10,625	143,874	7,976	162,490	1,043	-	-	163,533
Insurance	71,565	99,602	55,070	63,752	-	289,989	87,249	-	-	377,238
Interest expense, including amortization of debt issuance costs	-	-	-	-	-	-	683,169	112,416	-	795,585
Marketing and outreach expenses	3,844	7,114	12,136	5,176	59	28,329	-	-	-	28,329
MIS/information technology	52,751	67,217	58,138	22,828	-	200,934	2,408	-	-	203,342
Occupancy	154,509	237,993	266,592	180,237	-	839,331	536,371	-	(337,978)	1,037,724
Professional fees	396,817	19,681	435,048	76,177	-	927,723	-	-	-	927,723
Rental assistance	-	1,410,078	-	-	-	1,410,078	-	-	-	1,410,078
Training and conferences	4,376	5,490	6,900	1,521	69	18,356	-	-	-	18,356
Travel and related costs	4,654	15,255	4,393	783	-	25,085	-	-	-	25,085
<b>Total expenses before depreciation</b>	<b>4,746,663</b>	<b>5,803,318</b>	<b>4,991,912</b>	<b>1,219,937</b>	<b>108,911</b>	<b>16,870,741</b>	<b>1,310,240</b>	<b>112,416</b>	<b>(337,978)</b>	<b>17,955,419</b>
Depreciation	14,312	17,718	48,357	3,702	340	84,429	374,364	119,062	-	577,855
<b>Total expenses</b>	<b>\$4,760,975</b>	<b>\$5,821,036</b>	<b>\$5,040,269</b>	<b>\$1,223,639</b>	<b>\$ 109,251</b>	<b>\$16,955,170</b>	<b>\$1,684,604</b>	<b>\$ 231,478</b>	<b>\$ (337,978)</b>	<b>\$18,533,274</b>

CONGRESO DE LATINOS UNIDOS, INC. AND AFFILIATES

Consolidating Schedule of Functional Expenses  
Year Ended June 30, 2020

	Congreso de Latinos Unidos, Inc.					2800 American Street Company	216 Somerset Company	Eliminations	Total	
	Education and Workforce Services	Family and Housing Services	Health Promotion and Wellness	General and Administrative	Fundraising	General and Administrative	General and Administrative			
Salaries	\$ 3,227,789	\$ 2,784,908	\$ 2,734,023	\$ 361,836	\$ 77,152	\$ 9,185,708	\$ -	\$ -	\$ -	\$ 9,185,708
Fringe benefits	777,663	670,961	658,701	87,176	18,588	2,213,089	-	-	-	2,213,089
Bad debt	-	-	-	74,370	-	74,370	4,108	-	-	78,478
Client activities and incentives	134,066	23,479	7,321	-	-	164,866	-	-	-	164,866
Communications - telephone	35,973	58,366	36,327	11,267	-	141,933	-	-	-	141,933
Consumable supplies	115,182	39,163	279,350	6,875	989	441,559	-	-	-	441,559
Emergency payments	-	67,570	115,880	-	-	183,450	-	-	-	183,450
Equipment	34,938	43,631	38,840	20,130	6,854	144,393	-	-	-	144,393
Event and meetings	22,792	9,953	15,496	30,079	19,780	98,100	-	-	-	98,100
Fees and services	-	-	11,454	127,245	3,946	142,645	1,064	-	-	143,709
Insurance	78,958	91,717	73,335	47,284	-	291,294	84,282	-	-	375,576
Interest expense, including amortization of debt issuance costs	-	-	-	333	-	333	692,032	99,190	-	791,555
Marketing and outreach expenses	12,415	-	517	10,694	-	23,626	-	-	-	23,626
MIS/information technology	55,119	58,413	52,367	2,402	443	168,744	3,168	-	-	171,912
Occupancy	179,047	183,774	259,346	163,703	-	785,870	471,066	-	(318,734)	938,202
Professional fees	264,522	86,375	446,831	104,394	-	902,122	28,152	-	-	930,274
Rental assistance	-	1,664,718	-	-	-	1,664,718	-	-	-	1,664,718
Training and conferences	12,791	5,008	15,639	1,150	-	34,588	-	-	-	34,588
Travel and related costs	31,848	27,746	38,204	2,792	1,723	102,313	-	-	-	102,313
<b>Total expenses before depreciation</b>	<b>4,983,103</b>	<b>5,815,782</b>	<b>4,783,631</b>	<b>1,051,730</b>	<b>129,475</b>	<b>16,763,721</b>	<b>1,283,872</b>	<b>99,190</b>	<b>(318,734)</b>	<b>17,828,049</b>
<b>Depreciation</b>	<b>14,695</b>	<b>17,424</b>	<b>14,312</b>	<b>3,269</b>	<b>388</b>	<b>50,088</b>	<b>416,768</b>	<b>103,873</b>	<b>-</b>	<b>570,729</b>
<b>Total expenses</b>	<b>\$ 4,997,798</b>	<b>\$ 5,833,206</b>	<b>\$ 4,797,943</b>	<b>\$ 1,054,999</b>	<b>\$ 129,863</b>	<b>\$ 16,813,809</b>	<b>\$ 1,700,640</b>	<b>\$ 203,063</b>	<b>\$ (318,734)</b>	<b>\$ 18,398,778</b>