

**Spanish Speaking Unity Council of Alameda
County, Inc.**

Consolidated Financial Statements
and Supplementary Information
and Single Audit Reports and Schedules

September 30, 2020
(With Comparative Totals for 2019)



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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Spanish Speaking Unity Council of Alameda County, Inc.
Oakland, California

We have audited the accompanying consolidated financial statements of Spanish Speaking Unity Council of Alameda County, Inc. (a California nonprofit corporation) (collectively, the "Unity Council"), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 referred to above present fairly, in all material respects, the financial position of Spanish Speaking Unity Council of Alameda County, Inc. as of September 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 16, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 30 - 36 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Additionally, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2021, on our consideration of the Unity Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Unity Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Unity Council's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The consolidated financial statements of Spanish Speaking Unity Council of Alameda County, Inc. as of September 30, 2019, were audited by other auditors whose report dated April 10, 2020, expressed an unmodified opinion on those statements. As discussed in Note 2 to the consolidated financial statements, the Unity Council has adjusted its 2019 summarized comparative information to reclassify amounts between net assets with donor restrictions and net assets without donor restrictions. The other auditors reported on the consolidated financial statements before the reclassification. As part of our audit of the 2020 consolidated financial statements, we also audited the adjustments to the 2019 summarized comparative information to apply the reclassification discussed above. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.



Armanino^{LLP}
San Francisco, California

May 12, 2021

Spanish Speaking Unity Council of Alameda County, Inc.
Consolidated Statement of Financial Position
September 30, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,045,965	\$ 4,573,101
Accounts receivable, net	3,667,649	3,763,567
Deposits	26,769	6,500
Prepaid expenses	229,608	194,224
Total current assets	14,969,991	8,537,392
Noncurrent assets		
Investment in Fruitvale Transit Village II-A, L.P.	1,332,786	1,332,786
Restricted cash	8,797,216	9,017,844
Deferred charge	2,224,094	2,307,965
Total noncurrent assets	12,354,096	12,658,595
Property, plant and equipment, net	72,720,469	48,368,007
Total assets	\$ 100,044,556	\$ 69,563,994
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,256,110	\$ 3,628,370
Accrued payroll and benefits	1,436,415	1,005,870
Deferred revenue	1,560,398	969,934
Security deposits	306,085	248,937
Current portion of notes payable	19,609,041	13,603,682
Total current liabilities	29,168,049	19,456,793
Long-term liabilities		
Accrued interest	2,540,333	2,006,567
Paycheck Protection Program loan	301,800	-
Notes payable, net of current portion	36,701,264	18,077,465
Total long-term liabilities	39,543,397	20,084,032
Total liabilities	68,711,446	39,540,825
Net assets		
Without donor restrictions	27,124,968	27,256,868
With donor restrictions	4,208,142	2,766,301
Total net assets	31,333,110	30,023,169
Total liabilities and net assets	\$ 100,044,556	\$ 69,563,994

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

Spanish Speaking Unity Council of Alameda County, Inc.
Consolidated Statement of Activities
For the Year Ended September 30, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues, gains, and other support				
Government contract revenue	\$ 15,116,479	\$ -	\$ 15,116,479	\$ 14,244,734
Contributions from corporations and businesses	743,195	-	743,195	443,924
Contributions from individuals and other	93,259	2,000,000	2,093,259	167,305
Contributions from foundations	1,720,333	3,230,435	4,950,768	1,562,347
Grants - agencies and intermediaries	925,814	-	925,814	397,575
Contract revenue	1,191,449	-	1,191,449	701,084
Rental revenue	7,573,412	-	7,573,412	7,286,679
Interest income	27,926	-	27,926	53,223
Other revenue	462,374	-	462,374	236,709
Net assets released from restriction	<u>3,788,594</u>	<u>(3,788,594)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>31,642,835</u>	<u>1,441,841</u>	<u>33,084,676</u>	<u>25,093,580</u>
Functional expenses				
Program services				
Unity Council Programs	17,257,875	-	17,257,875	14,484,708
Unity Council Properties	7,265,738	-	7,265,738	7,278,287
Peralta Service Corporation	1,807,601	-	1,807,601	1,627,015
Posada de Colores LP	<u>1,985,011</u>	<u>-</u>	<u>1,985,011</u>	<u>1,132,225</u>
Total program services	<u>28,316,225</u>	<u>-</u>	<u>28,316,225</u>	<u>24,522,235</u>
Support services				
Management and general	2,717,259	-	2,717,259	2,107,244
Fundraising	<u>741,251</u>	<u>-</u>	<u>741,251</u>	<u>897,359</u>
Total support services	<u>3,458,510</u>	<u>-</u>	<u>3,458,510</u>	<u>3,004,603</u>
Total functional expenses	<u>31,774,735</u>	<u>-</u>	<u>31,774,735</u>	<u>27,526,838</u>
Change in net assets	<u>(131,900)</u>	<u>1,441,841</u>	<u>1,309,941</u>	<u>(2,433,258)</u>
Net assets, beginning of year	26,910,929	3,112,240	30,023,169	32,456,427
Reclassification	<u>345,939</u>	<u>(345,939)</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year as reclassified	<u>27,256,868</u>	<u>2,766,301</u>	<u>30,023,169</u>	<u>-</u>
Net assets, end of year	<u>\$ 27,124,968</u>	<u>\$ 4,208,142</u>	<u>\$ 31,333,110</u>	<u>\$ (2,433,258)</u>

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

Spanish Speaking Unity Council of Alameda County, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2020
(With Comparative Totals for 2019)

	Unity Council Programs	Unity Council Properties	Peralta Service Corporation	Posada de Colores LP	Management and General	Fundraising	Elimination Entries	2020 Total	2019 Total
Personnel expenses									
Salaries and wages	\$ 9,174,885	\$ 526,299	\$ 1,327,737	\$ 315,650	\$ 1,268,698	\$ 349,170	\$ -	\$ 12,962,439	\$ 10,916,993
Employee benefits and taxes	2,600,105	172,304	302,541	103,926	251,913	60,656	-	3,491,445	2,979,257
Total personnel expenses	<u>11,774,990</u>	<u>698,603</u>	<u>1,630,278</u>	<u>419,576</u>	<u>1,520,611</u>	<u>409,826</u>	<u>-</u>	<u>16,453,884</u>	<u>13,896,250</u>
Non-personnel									
Contract services	1,023,048	701,675	144,003	-	410,956	86,462	-	2,366,144	1,908,676
Audit and legal fees	-	62,142	-	-	134,223	-	-	196,365	239,288
Professional services	629,898	-	6,564	-	-	-	-	636,462	789,789
Operating costs	644,046	1,382,578	-	296,619	284,027	244,963	(1,447,844)	1,404,389	1,003,162
Occupancy costs	1,628,997	758,644	-	166,284	133,885	-	(677,298)	2,010,512	1,664,920
Interest and financing	-	1,102,586	10,199	675,775	35,012	-	-	1,823,572	838,228
Program and project costs	1,475,695	2,009	-	-	252,198	-	-	1,729,902	1,758,927
Participant costs	451,663	-	-	-	-	-	-	451,663	465,704
Other program costs	-	873,734	49,843	-	-	-	(498,894)	424,683	1,238,637
Special events and projects	-	-	151,327	-	278,779	-	-	430,106	116,354
Depreciation and amortization	251,890	2,127,840	-	220,603	175,178	-	-	2,775,511	2,793,231
Taxes and insurance	-	479,796	-	252,808	93,616	-	-	826,220	676,675
Administration	225,877	419,271	-	166,284	-	-	(566,110)	245,322	136,997
Total non-personnel	<u>6,331,114</u>	<u>7,910,275</u>	<u>361,936</u>	<u>1,778,373</u>	<u>1,797,874</u>	<u>331,425</u>	<u>(3,190,146)</u>	<u>15,320,851</u>	<u>13,630,588</u>
Total expenses before intercompany eliminations	<u>18,106,104</u>	<u>8,608,878</u>	<u>1,992,214</u>	<u>2,197,949</u>	<u>3,318,485</u>	<u>741,251</u>	<u>(3,190,146)</u>	<u>31,774,735</u>	<u>27,526,838</u>
Eliminations	<u>(848,229)</u>	<u>(1,343,140)</u>	<u>(184,613)</u>	<u>(212,938)</u>	<u>(601,226)</u>	<u>-</u>	<u>3,190,146</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 17,257,875</u>	<u>\$ 7,265,738</u>	<u>\$ 1,807,601</u>	<u>\$ 1,985,011</u>	<u>\$ 2,717,259</u>	<u>\$ 741,251</u>	<u>\$ -</u>	<u>\$ 31,774,735</u>	<u>\$ 27,526,838</u>

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

Spanish Speaking Unity Council of Alameda County, Inc.
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 1,309,941	\$ (2,433,258)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,775,511	2,423,629
Deferred interest	533,766	706,457
Deferred charge on ground lease	83,871	347,128
Loss on disposal of property and equipment	161,259	-
Changes in operating assets and liabilities		
Accounts and contracts receivable	95,918	(1,129,880)
Deposits	(20,269)	53,476
Prepaid expenses	(35,384)	(30,847)
Accounts payable and accrued expenses	2,627,740	2,619,291
Accrued payroll and benefits	430,545	(197,465)
Deferred revenue	590,464	87,706
Security deposits	<u>57,148</u>	<u>32,732</u>
Net cash provided by operating activities	<u>8,610,510</u>	<u>2,478,969</u>
Cash flows from investing activities		
Proceeds from Casa de Las Flores and Casa Velasco consolidation	-	857,488
Purchase of property, plant and equipment	<u>(27,090,688)</u>	<u>(10,573,211)</u>
Net cash used in investing activities	<u>(27,090,688)</u>	<u>(9,715,723)</u>
Cash flows from financing activities		
Oakland Joint Powers Bond payoff	-	(12,490,000)
Proceeds from borrowings	26,364,910	27,166,052
Principal payments on debt	(1,934,296)	(1,879,993)
Proceeds from Paycheck Protection Program loan	<u>301,800</u>	<u>-</u>
Net cash provided by financing activities	<u>24,732,414</u>	<u>12,796,059</u>
Net increase in cash, cash equivalents and restricted cash	6,252,236	5,559,305
Cash, cash equivalents and restricted cash, beginning of year	<u>13,590,945</u>	<u>8,031,640</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 19,843,181</u>	<u>\$ 13,590,945</u>

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

Spanish Speaking Unity Council of Alameda County, Inc.
 Consolidated Statement of Cash Flows
 For the Year Ended September 30, 2020
 (With Comparative Totals for 2019)

	2020	2019
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 11,045,965	\$ 4,573,101
Restricted cash	8,797,216	9,017,844
	\$ 19,843,181	\$ 13,590,945

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 1,323,742	\$ 1,119,617
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The accompanying notes are an integral part of these consolidated financial statements.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
(With Comparative Totals for 2019)

1. ORGANIZATION AND NATURE OF OPERATIONS

Spanish Speaking Unity Council of Alameda County, Inc. ("SSUC") was organized in 1964 and has provided over 50 years of leadership in community advocacy, social service delivery, and economic development aimed at enriching the quality of life of families and children in the Fruitvale neighborhood, the City of Oakland and the San Francisco East Bay. SSUC promotes minority leadership, and the enhancement of social and economic opportunities for immigrants and people of low income in the community.

Posada de Colores LP, a California limited partnership, was formed November 29, 2016 to acquire and rehabilitate the Posada de Colores property, a 100-unit apartment complex located in Oakland, California. The general partner, Posada de Colores, a California limited liability company, is owned by SSUC. The limited partner is NEF Assignment Corporation, an Illinois not-for-profit corporation. The project is regulated as to rent charges, operating methods and other matters under the terms of regulatory agreements. The project is expected to qualify for low-income housing credits pursuant to the Internal Revenue Code Section 42. The project must meet the provisions of these requirements during each of the 15 consecutive years in order to remain qualified to receive the credits. In addition, Posada de Colores LP is subject to land use restrictions which requires the utilization of the project pursuant to Section 42 for a minimum of 55 years, even if Posada de Colores LP disposes of the project.

Las Bougainvilleas Senior Housing, Inc. ("Las Bougainvilleas") is a nonprofit public benefit corporation formed and controlled by SSUC. Las Bougainvilleas was funded in 1997 under a HUD Section 202 Elderly Housing Capital Advance Grant in the amount of \$5.8 million and a 40-year deferred loan of \$803,000 from the City of Oakland. Las Bougainvilleas is a 68-unit HUD apartment complex located in Oakland, California.

Peralta Service Corporation (PSC) is a nonprofit corporation that is wholly owned by SSUC and formed to provide employment training and job opportunities for low income and disadvantaged individuals. PSC provides maintenance, landscaping and the operation of Safety Neighborhood Ambassador Program (SNAP) to various companies and organizations, including the Fruitvale Village and other related SSUC program sites.

Casitas of Hayward, Inc. (COH) is a non-profit support corporation formed and controlled by SSUC. COH was founded in 1974 to develop and manage senior housing projects and is one of two general partners for Casa Velasco Associates, along with Casa de Las Flores. On May 1, 2012, COH began managing SSUC's portfolio of senior housing projects as the property management agent, approved by HUD, the City of Oakland, and other regulators. COH contracts directly with the senior housing projects and also contracts with SSUC for management and operational staff.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
(With Comparative Totals for 2019)

1. ORGANIZATION AND NATURE OF OPERATIONS (continued)

Unity Council Transit Village II-A, LLC is a single member limited liability nonprofit corporation formed in 2015 and controlled by SSUC to invest in Fruitvale Village Transit II-A, L.P. The L.P. was formed to develop and build low and moderate income housing on a tract adjacent to the Fruitvale Transit Village (Phase II). Unity Council Transit Village II-A, LLC is entitled to 35% of the eventual net proceeds from the project. The East Bay Asian Local Development Corporation (EBALDC) has a 64% interest and a special limited partner has 1%.

Capital Development Group, Inc. (CDG), a wholly owned subsidiary of SSUC, was incorporated in 1982 in the State of California and will be used in the future as a real estate development entity.

Fruitvale Development Corporation, Inc. (FDC) is a nonprofit public benefit corporation formed in 1996 by SSUC and is controlled by SSUC. FDC was organized to plan, develop, rehabilitate, construct and manage housing (for moderate and low income families and the elderly), commercial, transit and other facilities to combat the deterioration of the Fruitvale area in Oakland. FDC completed the construction of the Fruitvale Village in 2004. Real property includes the Masonic Temple and the Public Market, which are separate buildings. The operations of FDC are funded primarily through rental income and at times through various contracts and grants from federal, state and local governments, foundations, and corporations.

Casa de Las Flores (CDLF) is a California limited partnership in which SSUC serves as the general partner. Along with COH, CDLF serves as a co-general partner in Casa Velasco Associates, a California limited partnership. The purpose of the partnership is to provide low-income housing to elderly and disabled persons. SSUC's investment in CDLF is eliminated as part of the consolidation of Casa Velasco Associates. The initial equity in CDLF came from the conversion of a \$150,000 payable CDLF owed to SSUC to an equity interest in CDLF along with syndication costs and losses from CDLF's investment in Casa Velasco Associates.

Casa Velasco Associates (Casa Velasco) owns a 20-unit low income apartment complex located in Oakland, California. Casa Velasco Associates, a California limited partnership, was formed on January 20, 2003. Effective December 31, 2018, the ownership structure of Casa Velasco Associates changed, whereby the investor limited partner, National Equity Fund, withdrew their partnership interest for \$1 and SSUC was admitted as the sole limited partner. On January 28, 2019, Casa de las Flores, with a partnership interest of 0.005%, withdrew as the administrative general partner and Casitas of Hayward Inc., the managing general partner, with a partnership interest of 0.005%, increased their partnership interest to 0.01%, in order to simplify the ownership structure. The project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code as modified by the State of California. Various loan, regulatory and other agreements dictate the maximum income levels of new tenants and provide rent and other restrictions through 2058.

2700 International, L.P., a California limited partnership in which SSUC serves as the general partner, was formed December 6, 2019 to acquire and rehabilitate the 2700 International property, a commercial development that includes 28 commercial units located in Oakland, California.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
(With Comparative Totals for 2019)

1. ORGANIZATION AND NATURE OF OPERATIONS (continued)

2000 36th Avenue Oakland LLC, a California limited liability company wholly owned and operated by SSUC, was formed July 16, 2020 to acquire the property at 2000 36th Avenue in Oakland, California, a 55 unit multifamily housing complex. The property is fully occupied and existing tenants have rent control and are able to remain in place. As units become available, the units will be made available for low to moderate income people.

The properties located at 1921 36th Ave. and 2022 36th Ave. in Oakland, California are 8 and 17 unit, respectively, multifamily housing complexes acquired by SSUC during 2020. The properties do not exist as separate legal entities, but rather are held by SSUC and accounted for as operating units within SSUC. The properties are fully occupied and existing tenants have rent control and are able to remain in place. As units become available, the units will be made available for low to moderate income people.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The accompanying consolidated financial statements include the accounts of SSUC, FDC, PSC, Posada de Colores, Posada de Colores LP, COH, Casa Velasco, Las Bougainvilleas, 2700 International, L.P. and 2000 36th Avenue Oakland LLC and are collectively referred to as the "Unity Council". Intercompany transactions and balances have been eliminated in consolidation. Certain of the consolidated entities operate on a December 31 fiscal year end, however, all entities are reported on a September 30 year end in these consolidated financial statements.

Basis of financial statement presentation

In accordance with professional accounting standards, The Unity Council reports its financial position and its activities according to the following net asset classifications: Without donor restrictions (including board designated amounts) and with donor restrictions. A description of the two net asset categories follows:

- *Net assets without donor restrictions* - Net assets without donor restriction represent net assets that are not subject to donor-imposed stipulations.
- *Net assets with donor restrictions* - Net assets with donor restriction - Net assets with donor restriction represent net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Unity Council and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets. Contributions with donor-imposed restrictions whose restriction are satisfied in the same reporting period as received are reported as net assets without donor restrictions.

Change in accounting principle

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP. Revenue from contributions and investment income are not impacted by this new standard. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Unity Council adopted ASU 2014-09 with a date of the initial application of October 1, 2019, using the full retrospective method.

The adoption of ASU 2014-09 did not have a significant impact on the Unity Council's financial position, result of operations, or cash flows. Based on the Unity Council's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption of this standard.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies the criteria for evaluating whether a transaction is a contribution or an exchange transaction and whether a contribution is conditional or unconditional. The Unity Council adopted ASU 2018-08 with a date of the initial application of October 1, 2019, using the modified prospective method.

The adoption of ASU 2018-08 did not have a significant impact on the Unity Council's financial position, result of operations, or cash flows.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Contributions and grants are recognized when the donor makes a promise to give to the Unity Council that is, in substance, unconditional. Conditional promises to give are recognized only when they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists.

A portion of the Unity Council's revenues is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Unity Council has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The Unity Council has been awarded cost-reimbursable grants of approximately \$8,197,000 that have not been recognized at September 30, 2020 because qualifying expenditures have not yet been incurred.

Rental income includes rent received from tenants at various housing facilities and is recognized as the rent is earned.

Contributions of long-lived assets without stipulations that limit the use of the donated asset are reported as support without donor restriction. Contributions of long-lived assets with stipulations that limit the use of the donated assets are reported as assets with donor restriction. When a donor restriction expires, a stipulated time restriction ends or the restricted purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Property and equipment, which are donated or acquired with resources restricted for such acquisition (capital grants), are considered to be without donor restriction when placed into service.

Cash and cash equivalents

The Unity Council considers all cash accounts with an initial maturity of three months or less to be cash and cash equivalents for purposes of the statement of cash flows, except for restricted amounts for reserve for replacements and tenant security deposits.

Accounts and grants receivable

Accounts and grants receivable consist primarily of amounts due from contracts with governmental agencies, grants from donors and tenants for rent. The Unity Council reviews accounts and grants receivable on a regular basis for collectability and has established an allowance for doubtful accounts. Accounts and contracts receivable include various third party payment arrangements that are stated at the amount management expects to collect. Pledges receivable are recorded at the time the pledge is received. Pledges having amounts due over one year are discounted to present value.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Unity Council invests in various investments. Investments are exposed to risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Professional accounting standards has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level). The three levels of the fair value hierarchy are described as follows:

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Unity Council has the ability to
- *Level 2* - Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - 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 asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and equipment

Land, buildings, building and leasehold improvements, furniture and equipment are recorded at cost or, if donated, at the estimated fair market value at the time of donation. With the exception of land, depreciation is recorded on the straight-line method over the estimated useful lives of the assets.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
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(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

The estimated useful lives are as follows:

Buildings	30 - 40 years
Building improvements	10 - 15 years
Furniture and equipment	5 - 10 years

The Unity Council's policy is to capitalize fixed assets costing in excess of \$5,000 with an estimated useful life of greater than one year.

Professional accounting standards require recording of an asset and related liability for costs associated with the retirement of long-lived tangible assets when an unconditional legal obligation to perform a retirement activity exists. The Unity Council is not aware of any specific, unconditional legal obligations which, individually or in the aggregate, are material to the Unity Council's financial position.

The Unity Council evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered.

Restricted cash deposits

Restricted cash deposits represent the reserve for replacements and residual receipts accounts of Las Bougainvilleas. The accounts for Las Bougainvilleas are maintained in money market passbook accounts or certificates of deposit and require approval from HUD to release the funds. The replacement reserve and residual receipts accounts held by Las Bougainvilleas amounted to \$728,471 at September 30, 2020.

Restricted cash deposits for FDC and other real estate projects represent the reserve for replacement and operating reserve as required by LISC and other debt and regulatory agreements. The reserve for replacement requires an annual contribution for each unit and the operating reserve requires the maintenance of a balance sufficient to cover operating expenses and debt service as stipulated by the debt and regulatory agreements.

In addition, SSUC has cash held by a bank to ensure environmental remediation is complete on an affordable housing property. The funds are expected to fund the reserve account and amounted to \$4,317,460 at September 30, 2020.

Deferred revenue

The Unity Council defers revenue on contracts and programs for which funds are received in advance of performing the services on those contracts.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
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(With Comparative Totals for 2019)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits

Deposits in the consolidated financial statements represent utility deposits and tenant security deposits. The deposits are held in separate bank accounts and restricted in use to payment of delinquent rents, or refunds to tenants upon their leaving the housing unit.

Income tax status

The Spanish Speaking Unity Council of Alameda County, Inc., Las Bougainvilleas, Peralta Service Corporation, Casitas of Hayward and Fruitvale Development Corporation are tax-exempt corporations under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

CDG is a corporation subject to federal and state income taxes on its taxable income. A provision for income taxes is provided for deferred taxes resulting from differences in the timing of reporting revenue and expense items for financial versus tax purposes.

CDLF, Casa Velasco, 2700 International, L.P., and Posada de Colores LP are partnerships. Income tax is the responsibility of the partners.

Posada de Colores and 2000 36th Avenue Oakland LLC are limited liability companies and taxation is the responsibility of the members.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Unity Council in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Unity Council's tax returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Reclassifications

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 consolidated financial statement presentation. During 2020, it was determined that the balance of net assets with donor restrictions at September 30, 2019 included \$780,939 related to restricted deposits from replacement and residual reserves held by Las Bougainvilleas and that the balance of net assets with donor restrictions at September 30, 2019 was overstated by this amount. It was also determined that the balance of net assets with donor restrictions at September 30, 2019 did not include \$435,000 of net assets restricted for capital projects by NeighborWorks America and that the balance of net assets with donor restrictions was understated by this amount. In total the Unity Council reclassified \$345,939 of net assets with donor restrictions into net assets without donor restrictions as of September 30, 2019.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and certain footnote disclosures. The actual results could differ from those estimates.

3. ACCOUNTS AND CONTRACTS RECEIVABLE

Accounts and grants receivable consisted of the following:

Child development	\$ 2,180,354
Community and family programs	695,893
Real estate activities	619,880
Other	328,867
Allowance for doubtful accounts	<u>(157,345)</u>
	<u><u>\$ 3,667,649</u></u>

4. INVESTMENT IN FRUITVALE VILLAGE PHASE II

On October 29, 2010, the Unity Council participated in the purchase of a parcel of land known as Fruitvale Transit Village Phase II (FTV P-II) for the planned development of a dense, mixed-use 275 unit housing project. The Unity Council negotiated the land transaction between BART and the City of Oakland Redevelopment Agency, in which the City of Oakland Redevelopment Agency acquired the FTV P- II land from BART.

On September 4, 2014, a memorandum of understanding (MOU) was executed between the Unity Council and the East Bay Asian Local Development Corporation ("EBALDC") and a partnership was formed (Fruitvale Transit Village II-A, L.P.) in 2015 to develop 94 units of low income housing. On March 24, 2017, a MOU was executed between the Unity Council and Bridge Housing Corporation ("Bridge") to develop 181 units of housing (Phase II-B). The City of Oakland had previously granted site control on November 18, 2014 to the Unity Council. On July 31, 2019, the Unity Council and Bridge provided a joint guaranty on a \$1,000,000 loan by Raza Development Fund, Inc. This fund is for Fruitvale Phase IIB LLC. Bridge is managing the draw process for the project, so the Unity Council will not be drawing any funds from these sources. The Unity Council is the repayment guarantor.

The Unity Council advanced \$1,500,000 to Fruitvale Transit Village II-A to be used for predevelopment costs. The advance was repaid to the Unity Council on December 26, 2017 when the construction financing for the project closed. The Fruitvale Transit Village II-A LP project, named Casa Arabella, completed construction in November 2019 and was fully occupied in December 2019.

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Notes to Consolidated Financial Statements
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5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
Fruitvale Transit Village II-A, L.P.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,332,786</u>	<u>\$ 1,332,786</u>

There were no changes to the fair value of the Organization's Level 3 investments during the year ended September 30, 2020.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

Land	\$ 8,875,743
Buildings, improvements and leasehold improvements	83,746,252
Automobiles	213,084
Equipment and other	1,590,576
Construction in progress - The Unity Council	763,953
Construction in progress - Fruitvale Development Corporation	35,051
Construction in progress - 2000-36th Ave.	379,690
Construction in progress - Posada de Colores	<u>16,510,134</u>
	112,114,483
Less: accumulated depreciation	<u>(39,394,014)</u>
	<u>\$ 72,720,469</u>

Depreciation expense for the fiscal year ended September 30, 2020 was \$2,576,967.

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7. GROUND LEASE WITH THE BAY AREA RAPID TRANSIT DISTRICT

On October 1, 2001, FDC entered into a 95-year ground lease, including options, with the San Francisco Bay Area Rapid Transit District (BART) for the purpose of constructing commercial, community service and residential improvements for the Fruitvale Village project. During the fiscal year ended September 30, 2002, FDC received a rent credit from BART at a value of \$7,247,134, which was recorded as a deferred charge on the consolidated statement of financial position. Based on the BART ground lease agreement, FDC earned simple interest (at Prime) on this asset between December 1, 2003 and October 29, 2010. On December 1, 2003, rent commenced on the ground lease. On October 29, 2010, FDC executed an amendment to the ground lease which resulted in significant changes to the structure of the rent credit. As a result of this restructure, FDC exchanged a portion of the credit for cash, dollar for dollar, in relation to a real estate transaction. FDC then used the cash proceeds from this exchange to pay down short-term and long-term debt obligations. The balance of the prepayment credit, net of rent expense, as of September 30, 2020 amounted to \$2,200,274 and is included as part of deferred charges on the consolidated statement of financial position.

FDC anticipates incurring ground lease costs as a cash expense beginning in 2031, when the remaining ground lease rent credit has been fully exhausted. The annual base rent expense during 2020 is \$187,694 and is set to increase every five years based on the CPI index. The base rent amount at each adjustment date will not be more than 10% of the previous base rent, nor lower than the previous base rent amount. The term of the lease is through 2097.

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Notes to Consolidated Financial Statements
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8. NOTES PAYABLE

A summary of notes payable at September 30, 2020 is as follows:

Lender	Current	Long-Term	Total
Las Bougainvilleas - City of Oakland	\$ -	\$ 803,000	\$ 803,000
Posada LP - Construction Loan	19,365,968	-	19,365,968
FDC - LISC	87,896	6,809,722	6,897,618
FDC - Capital Impact Partners	84,644	6,810,019	6,894,663
FDC - Wells Fargo Bank	67,583	1,069,601	1,137,184
FDC - City of Oakland	-	853,611	853,611
Unity Council - Funding assistance	-	83,005	83,005
Unity Council - First Republic Bank	24,909	1,534,822	1,559,731
Casa Velasco - City of Oakland	7,500	1,342,500	1,350,000
2700 International - ECLF Senior Loan	-	3,382,500	3,382,500
2700 International - ECLF Subordinated Loan	-	1,127,500	1,127,500
1921 36th Ave. - LISC	17,984	973,463	991,447
2022 36th Ave. - LISC	28,730	1,549,489	1,578,219
2000 36th Ave. - ECLF Senior Note A	173,063	1,714,210	1,887,273
2000 36th Ave. - ECLF Subordinate Note B	142,659	1,082,750	1,225,409
2000 36th Ave. - City of Oakland	-	4,850,000	4,850,000
2000 36th Ave. - Housing for Health Fund	34,289	3,265,711	3,300,000
	<u>20,035,225</u>	<u>37,251,903</u>	<u>57,287,128</u>
Less unamortized debt issuance costs	<u>(426,184)</u>	<u>(550,639)</u>	<u>(976,823)</u>
	<u>\$ 19,609,041</u>	<u>\$ 36,701,264</u>	<u>\$ 56,310,305</u>

The Las Bougainvilleas note payable is a nonrecourse note payable to the City of Oakland Redevelopment Agency. The amount outstanding is the sum of principal of \$803,000 and accrued interest of \$1,090,535. Principal and any unpaid accrued interest are due at the maturity date of April 1, 2038. The interest rate is 6% throughout the term of the note. The accrued interest will be paid to the City of Oakland, in lieu of the City of Oakland Redevelopment Agency after its dissolution, when the project has surplus cash. However, the City of Oakland Redevelopment Agency has indicated that any surplus cash should be used by Las Bougainvilleas to reinforce its reserves. The loan is secured by the Las Bougainvilleas Senior Housing rental project.

FDC obtained a note payable in the amount of \$970,000 from Wells Fargo Bank, secured by the Masonic Temple and corporate guarantee of SSUC. The note was refinanced on October 13, 2017. Interest on principal amounts outstanding accrues at 4.25%, paid monthly. FDC will make 59 monthly payments of \$6,314 and a final payment October 10, 2022 estimated at \$620,486. The outstanding balance on the note at September 30, 2020 is \$735,913.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
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8. NOTES PAYABLE (continued)

FDC obtained a note payable in the amount of \$500,000 from Wells Fargo Bank, secured by the Masonic Temple and corporate guarantee of SSUC. The proceeds of this loan were used to finance improvements in the project. Interest on principal amounts outstanding accrues at a fixed annual rate of 6.95%, paid monthly. The original term of the loan was 10 years, due in September 2018, with a 30-year amortization. The note was refinanced on October 16, 2018 to extend the maturity date to November 1, 2023. The outstanding balance on the note at September 30, 2020 is \$399,632

FDC obtained a residual receipts note payable in the amount of \$200,000 to the City of Oakland. The loan was secured to provide a landlord contribution to SSUC for the Community Cultural Center in the Masonic Temple. The note accrues interest at 3%, and principal payments are based on annual excess cash flows. The outstanding balance on the note at September 30, 2020 is \$103,611.

FDC obtained a \$750,000 loan from the City of Oakland Housing Department in August 2001, which was funded during 2003. The loan accrues interest at an annual rate of 3%. Principal and interest payments are paid with excess operating revenue over operating expenses from the project and are due within 90 days after each calendar year. The final principal and interest payment, if not paid in full earlier from excess operating revenues over operating expenses, is due August 31, 2031. The balance outstanding on the note at September 30, 2020 is \$750,000.

FDC executed a loan agreement with Capital Impact Partner in the amount of \$7,000,000 to pay off the City of Oakland loans and the Oakland Joint Powers Authority issued tax-exempt 501(c)(3) revenue bonds. The remaining balance of the loan fund will fund the initial replacement reserve and the operating reserve needs. Interest on principal amounts outstanding accrues at a fixed annual rate of 6.95%, paid monthly. The term of the loan is 12 years, due in June 2031. The balance outstanding on the note at September 30, 2020 is \$6,894,663.

FDC executed a loan agreement with Local Initiatives Support Corporation (LISC) in the amount of \$7,000,000 to pay off the City of Oakland loans and the Oakland Joint Powers Authority issued tax-exempt 501(c)(3) revenue bonds. Interest on principal amounts outstanding accrues at a fixed annual rate of 6.30%, paid monthly. The term of the loan is 12 years, due in June 2031. The balance outstanding on the note at September 30, 2020 is \$6,897,618.

Financing for the rehabilitation of the Posada, LP Project is funded through a construction loan in the amount of \$20,592,443 payable to Wells Fargo Bank, N.A. under the California Municipal Finance Authority Multifamily Housing Revenue Bond Program. The construction loan bears interest at variable rate of LIBOR plus 1.75%, equal to 1.94% at September 30, 2020. Payments of interest only are due during the construction period. The construction period and term of the construction loan was extended through June 2021, at which point the construction loan will convert to permanent financing. As September 30, 2020, the total amount drawn down on the construction loan amounted to \$19,365,968.

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8. NOTES PAYABLE (continued)

Casa Velasco entered into a 55 year, \$1,350,000 loan with the city of Oakland. The loan accrues interest at 3%. Principal and interest payments are payable to the extent of available cash flow at the end of the calendar year. The balance outstanding on the note at September 30, 2020 is \$1,350,000.

SSUC obtained funding assistance through the down payment assistance loan program and the rescue loan fund. The outstanding balance on the loans at September 30, 2020 amounted to \$83,005.

In April 2020, SSUC entered into three promissory notes with First Republic Bank for a total of \$1,572,404. The notes accrue interest at 3% and 4.15% and mature in April 2023 and April 2035. The combined balance on the three notes at September 30, 2020 amounted \$1,559,731.

In March 2020, 2700 International, L.P. entered into a Senior Non-Participation Tranche Loan ("Senior Loan") of \$3,382,500 at 6.41% interest and a Subordinated Tranche Loan ("Subordinated Loan") of \$1,127,500 at 0% interest with Enterprise Community Loan Fund, Inc. in order to finance the acquisition of the property at 2700 International Blvd. The entire principal balance and accrued interest on both loans are due the earlier of (i) 36 months from the date of the note (March 2023) unless extended or (ii) the date of closing on construction and/or low-income housing tax credit financing for the project. Both loans are secured by the real property of the project. The balance on the Senior Loan and Subordinated Loan at September 30, 2020 amounted to \$3,382,500 and \$1,127,500, respectively.

In April 2020, SSUC entered into three promissory notes with Local Initiatives Support Corporation for a total of \$995,691 in order to finance the acquisition of the property at 1921 36th. Ave. The notes accrue interest at 2.44% and 5.67% and mature in May 2030. The combined balance on the three notes at September 30, 2020 amounted \$991,447.

In April 2020, SSUC entered into three promissory notes with Local Initiatives Support Corporation for a total of \$1,592,665 in order to finance the acquisition of the property at 2022 36th. Ave. The notes accrue interest at 2.44% and 5.67% and mature in May 2030. The combined balance on the three notes at September 30, 2020 amounted \$1,578,219.

In September 2020, 2000 36th Avenue Oakland LLC entered into two secured promissory notes of \$2,229,155 at 6% interest ("Senior Note A") and \$1,492,845 at 1% interest ("Subordinate Note B") with Enterprise Community Loan Fund, Inc. in order to finance the acquisition and rehabilitation of the property at 2000 36th Ave. The entire principal balance and accrued interest on both loans are due on December 1, 2029. Both loans are secured by the real property of the project. The balance on the Senior Note A and Subordinated Note B at September 30, 2020 amounted to \$1,887,273 and \$1,225,409, respectively.

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8. NOTES PAYABLE (continued)

In September 2020, 2000 36th Avenue Oakland LLC entered into a loan agreement with Housing for Health Fund, LLP for \$3,300,000 in order to finance the acquisition and rehabilitation of the property at 2000 36th Ave.. The loan accrues interest at 8% through the maturity date of December 1, 2029. The outstanding balance on the loan at September 30, 2020 amounted to \$3,330,000.

In September 2020, 2000 36th Avenue Oakland LLC entered into a loan agreement with the City of Oakland for \$5,000,000 at 3% interest in order to finance the acquisition and rehabilitation of the property at 2000 36th Ave. The entire principal balance and accrued interest on the loan is due the earliest of (i) 55 years from the date of the loan (September 2075) (ii) the date the project is sold or refinanced or (iii) an event of default. The outstanding balance on the loan at September 30, 2020 amounted to \$4,850,000.

Principal maturities of notes payable are as follows:

Year ending September 30,

2021	\$ 20,035,225
2022	740,216
2023	8,773,201
2024	1,607,756
2025	738,964
Thereafter	<u>25,391,766</u>
	<u><u>\$ 57,287,128</u></u>

9. PAYCHECK PROTECTION PROGRAM LOAN

On August 5, 2020, the Unity Council qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$301,800 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Unity Council's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Unity Council. The Unity Council intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Unity Council will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

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9. PAYCHECK PROTECTION PROGRAM LOAN (continued)

The Unity Council accounts for the PPP Loan under the debt model. The balance of the PPP Loan at September 30, 2020 amounted to \$301,800.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Allocation for Projects - NeighborWorks America		
Casa Velasco	\$ 150,000	\$ 150,000
Fruitvale Village - Phase I	100,000	100,000
Fruitvale Village - Phase II	390,000	390,000
Real Estate Development - General	90,755	545,347
Juntos Fruitvale - CIP	126,783	-
2700 International - CIP	248,540	-
2000 36th Ave - CIP	180,812	-
Sustainable Development Fund	50,000	50,000
Community Resource Center	75,000	75,000
Public Market	200,000	200,000
Community Cultural Center	124,653	124,653
Home Ownership Center - Fruitvale Village	78,520	78,520
Home Ownership - DPA	60,000	60,000
Posada de Colores - AR	30,000	30,000
Posada de Colores - CFRAH	405,000	405,000
NWA 1st Use Capital	-	101,543
	<u>2,310,063</u>	<u>2,310,063</u>
Mission Support		
Organizational Support - SF Foundation	-	356,585
Latino Men and Boys	36,998	15,216
Workforce Development	85,295	57,433
Business Service - PBID	8,325	6,637
VITA	1,940	-
Various projects	18,004	20,367
Jack Dorsey - COVID-19 Emergency Response	1,747,517	-
	<u>1,898,079</u>	<u>456,238</u>
	<u>\$ 4,208,142</u>	<u>\$ 2,766,301</u>

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10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions were held in the following cash accounts at September 30:

	2020	2019
Cash retained in segregated money market account	\$ 4,057,580	\$ 2,223,876
Cash in operating account	150,562	542,425
	\$ 4,208,142	\$ 2,766,301

In March 2021, NeighborWorks America released \$2,208,520 of funds that were restricted for capital projects for unrestricted use.

11. BOARD DESIGNATED NET ASSETS

The Board of Directors established board-designated funds, which shall be used as follows:

Operating reserve

The Unity Council's governing board has designated a portion of its net assets without donor restriction for reserves with the intention of having three months of reserves on-hand. In the event the need arises to utilize the board designated funds for short term liquidity purposes, the reserves can be drawn upon.

\$ 3,148,956

The Unity Council has enacted a policy whereby any release of the funds must be carefully considered and require the approval of the Board of Directors.

12. LIQUIDITY AND FUNDS AVAILABLE

The Unity Council regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Unity Council operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Unity Council's governing board has designated a portion of its net assets without donor restriction for reserves with the intention of having three months of reserves. In the event the need arises to utilize the board designated funds for short term liquidity purposes, the reserves can be drawn upon. At September 30, 2020, the balance of the board designated reserve amounted to \$3,148,956.

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12. LIQUIDITY AND FUNDS AVAILABLE (continued)

The Unity Council is the owner and project sponsor for various affordable housing entities. Cash held at these individual operating entities within the Unity Council's properties and affiliates, regulated by HUD, are unavailable for use outside the respective entity. Project operations are designed to break-even. In addition to the financial assets available to meet cash needs for general expenditures within one year, certain properties and affiliate entities have access to certain operating reserves within restricted cash deposits and reserves for replacement in the event of an unanticipated liquidity need. Disbursements from these reserves require approval of the lender and the investor partner in most instances.

A portion of the Unity Council's net assets are with donor restriction. The Unity Council intends to spend these funds during the next fiscal period on the programs and for the purposes the net assets are restricted for.

The following table reflects the Unity Council's financial assets as of September 30, 2020 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Financial assets	
Cash	\$ 11,045,965
Accounts receivable, net	3,667,649
	14,713,614
Board designated reserves	(3,148,956)
	\$ 11,564,658

13. MANAGEMENT CONTRACTS

The Unity Council provides general management, property management, accounting and construction management services to FDC. During the year ended September 30, 2020, FDC was charged \$343,220 for these services which was eliminated in consolidation.

COH is the property manager of record for Posada de Colores. This project is operated under Section 202 of the National Housing Act, as amended. The terms of the contract include payment of a management fee of 4.45% of gross potential rent. The contract with COH is for an indefinite period but is reviewed annually. Posada de Colores incurred \$273,017 of management fees from COH during the year ended September 30, 2020, which was eliminated in consolidation.

COH is also contracted to manage Las Bougainvilleas. This project is operated under Section 202 of the National Housing Act, as amended. The terms of the contract include payment of a management fee of 7.74% of residential income collected. The COH contract is for an indefinite period but is reviewed annually. Las Bougainvilleas incurred \$58,888 of management fees from COH during the year ended September 30, 2020, which was eliminated in consolidation.

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
(With Comparative Totals for 2019)

13. MANAGEMENT CONTRACTS (continued)

In addition, COH provides management services to Casa Velasco, 2700 International, L.P. and the properties located at 1921 36th Ave. and 2022 36th Ave. The total management fees incurred and eliminated in consolidation by these entities amounted to \$31,674 for the year ended September 30, 2020.

14. LEASES

The Unity Council leases office space for many of its programs including four spaces with FDC and two leases with unrelated entities. In addition, the Unity Council leases Foothill Square Center owned by MacArthur Boulevard Associates for the site of its Foothill Preschool Child Care Center and also has lease commitments in Contra Costa County for its Head Start Programs, specifically, a ground lease, providing for a 3% annual increase and a modular business lease. Monthly lease payments range from approximately \$2,600 to \$6,600 and go through 2025.

Future minimum rent payments to unrelated entities are as follows:

<u>Year ending September 30,</u>	
2021	\$ 587,148
2022	604,762
2023	622,905
2024	641,592
2025	<u>660,840</u>
	<u>\$ 3,117,247</u>

The Unity Council also leases various properties to commercial and residential tenants. The lease terms call for monthly rent payments ranging from approximately \$300 to \$33,000 and expire on various dates through 2026.

Future minimum lease receipts are as follows:

<u>Year ending September 30,</u>	
2021	\$ 8,654,790
2022	8,712,345
2023	8,770,511
2024	8,829,297
2025	9,014,168
Thereafter	<u>9,203,785</u>
	<u>\$ 53,184,896</u>

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Consolidated Financial Statements
September 30, 2020
(With Comparative Totals for 2019)

15. CONCENTRATIONS

Financial instruments that potentially subject the Unity Council to concentrations of credit risk consist principally of cash, accounts, and grants receivable. The Unity Council places its cash with high credit quality financial institutions. At times, the account balances may exceed the institution's federal insured limits. The Unity Council has not experienced and does not anticipate any losses in such accounts.

16. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders, including California, where the Unity Council is headquartered. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations.

The COVID-19 outbreak has caused a temporary shift in the method of the Unity Council's service delivery to some of its clients with some of the Unity Council's staff required to work remotely rather than in an on-site setting. In addition, there is some uncertainty surrounding the Unity Council's tenants' ability to make rent payments and the future status of lease agreements as a result of the closing and shelter in place orders. While the disruption from COVID-19 is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders and the ultimate financial impact. It is at least reasonably possible that this matter will negatively impact Unity Council, however, the financial impact and duration cannot be reasonably estimated at this time.

17. RETIREMENT PLAN

The Unity Council adopted a retirement plan option effective January 1, 1995. The retirement plan option is a 403(b)(7) employee voluntary contribution. The 403(b)(7) employee voluntary contribution plan is available to all employees who wish to designate pre-tax compensation to the plan through the Nationwide Mutual Insurance Company. The plan offers an employer matching program for employee contributions, dollar for dollar up to 5% of the employee's salary. The Unity Council made contributions of \$275,360 into the plan for the year ended September 30, 2020.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2021, the date which the consolidated financial statements were available for issuance. No events or transactions have occurred during this period that require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Spanish Speaking Unity Council of Alameda County, Inc.
Consolidating Statement of Financial Position - September 30, 2020
(With Comparative Totals For The Year Ended September 30, 2019)

ASSETS

	Spanish Speaking Unity Council	Casitas of Hayward	Peralta Service Corporation	Unity Council Properties	Posada de Colores LP	9/30/20 Unconsolidated Balances	Eliminating Entries	2020 Total	2019 Total
Current assets									
Cash	\$ 8,487,616	\$ 72,870	\$ 177,809	\$ 1,310,987	\$ 996,683	\$ 11,045,965	\$ -	\$ 11,045,965	\$ 4,573,101
Accounts receivable, net	2,987,608	4,435	187,617	322,540	165,449	3,667,649	-	3,667,649	3,763,567
Deposits	6,500	-	13,335	6,934	-	26,769	-	26,769	6,500
Prepaid expenses	130,439	-	-	99,169	-	229,608	-	229,608	194,224
Total current assets	<u>11,612,163</u>	<u>77,305</u>	<u>378,761</u>	<u>1,739,630</u>	<u>1,162,132</u>	<u>14,969,991</u>	<u>-</u>	<u>14,969,991</u>	<u>8,537,392</u>
Noncurrent assets									
Investment in Fruitvale Transit Village II-A, L.P.	1,332,786	-	-	-	-	1,332,786	-	1,332,786	1,332,786
Investment in Casa de Las Flores/ Casa Velasco	948,735	-	-	-	-	948,735	(948,735)	-	-
Due from intercompany	1,227,390	-	-	-	-	1,227,390	(1,227,390)	-	-
Notes receivable - Pasada LP	14,054,042	-	-	-	-	14,054,042	(14,054,042)	-	-
Advance to PSC	592,323	-	-	-	-	592,323	(592,323)	-	-
Due from affiliates	1,656,292	-	-	-	-	1,656,292	(1,656,292)	-	-
Restricted cash	4,317,460	-	-	2,830,771	1,648,985	8,797,216	-	8,797,216	9,017,844
Deferred charge	-	-	-	2,203,651	20,443	2,224,094	-	2,224,094	2,307,965
Total noncurrent assets	<u>24,129,028</u>	<u>-</u>	<u>-</u>	<u>5,034,422</u>	<u>1,669,428</u>	<u>30,832,878</u>	<u>(18,478,782)</u>	<u>12,354,096</u>	<u>12,658,595</u>
Property, plant and equipment, net	<u>2,984,752</u>	<u>-</u>	<u>23,220</u>	<u>50,775,900</u>	<u>20,874,730</u>	<u>74,658,602</u>	<u>(1,938,133)</u>	<u>72,720,469</u>	<u>48,368,007</u>
Total assets	<u>\$ 38,725,943</u>	<u>\$ 77,305</u>	<u>\$ 401,981</u>	<u>\$ 57,549,952</u>	<u>\$ 23,706,290</u>	<u>\$ 120,461,471</u>	<u>\$ (20,416,915)</u>	<u>\$ 100,044,556</u>	<u>\$ 69,563,994</u>

Spanish Speaking Unity Council of Alameda County, Inc.
Consolidating Statement of Financial Position - September 30, 2020
(With Comparative Totals For The Year Ended September 30, 2019)

LIABILITIES AND NET ASSETS

	Spanish Speaking Unity Council	Casitas of Hayward	Peralta Service Corporation	Unity Council Properties	Posada de Colores LP	9/30/20 Unconsolidated Balances	Eliminating Entries	2020 Total	2019 Total
Current liabilities									
Accounts payable and accrued expenses	\$ 659,932	\$ 67,602	\$ 977,645	\$ 835,823	\$ 4,820,034	\$ 7,361,036	\$ (1,104,926)	\$ 6,256,110	\$ 3,628,370
Accrued payroll and benefits	1,278,501	-	111,043	39,703	7,168	1,436,415	-	1,436,415	1,005,870
Deferred revenue	1,501,840	-	-	58,558	-	1,560,398	-	1,560,398	969,934
Security deposits	14,737	-	-	259,231	32,117	306,085	-	306,085	248,937
Current portion of notes payable	24,909	-	-	644,348	18,939,784	19,609,041	-	19,609,041	13,603,682
Total current liabilities	3,479,919	67,602	1,088,688	1,837,663	23,799,103	30,272,975	(1,104,926)	29,168,049	19,456,793
Long-term liabilities									
Accrued interest	-	-	-	2,046,023	494,310	2,540,333	-	2,540,333	2,006,567
Paycheck Protection Program loan	301,800	-	-	-	-	301,800	-	301,800	-
Notes payable, net of current portion	1,617,730	-	-	36,664,832	-	38,282,562	(1,581,298)	36,701,264	18,077,465
Due to intercompany	-	-	-	-	14,854,042	14,854,042	(14,854,042)	-	-
Due to SSUC - SNAP program	-	-	592,323	-	-	592,323	(592,323)	-	-
Total long-term liabilities	1,919,530	-	592,323	38,710,855	15,348,352	56,571,060	(17,027,663)	39,543,397	20,084,032
Total current liabilities	5,399,449	67,602	1,681,011	40,548,518	39,147,455	86,844,035	(18,132,589)	68,711,446	39,540,825
Net assets									
Without donor restrictions	29,118,352	9,703	(1,279,030)	17,001,434	(15,441,165)	29,409,294	(2,284,326)	27,124,968	27,256,868
With donor restrictions	4,208,142	-	-	-	-	4,208,142	-	4,208,142	2,766,301
Total net assets	33,326,494	9,703	(1,279,030)	17,001,434	(15,441,165)	33,617,436	(2,284,326)	31,333,110	30,023,169
Total liabilities and net assets	\$ 38,725,943	\$ 77,305	\$ 401,981	\$ 57,549,952	\$ 23,706,290	\$ 120,461,471	\$ (20,416,915)	\$ 100,044,556	\$ 69,563,994

Spanish Speaking Unity Council of Alameda County, Inc.
 Unity Council Properties Statement of Financial Position
 For The Year Ended September 30, 2020

ASSETS

	Las Bougainvilleas	Fruitvale Development Corporation	Casa Velasco Associates	Posada de Colores 501(c)(3)	2700 International	1921 36th Avenue	2022 36th Avenue	2000 36th Avenue	2020 Total	2019 Total
Current assets										
Cash	\$ 34,874	\$ 416,975	\$ 162,303	\$ -	\$ 71,255	\$ 7,032	\$ 11,819	\$ 606,729	\$ 1,310,987	\$ 524,874
Accounts receivable, net	-	265,631	17,393	-	18,241	10,341	10,934	-	322,540	167,214
Deposits	6,934	-	-	-	-	-	-	-	6,934	-
Prepaid expenses	-	99,169	-	-	-	-	-	-	99,169	66,898
Due from Spanish Speaking Unity Council	-	-	-	-	-	-	-	-	-	326,018
Total current assets	<u>41,808</u>	<u>781,775</u>	<u>179,696</u>	<u>-</u>	<u>89,496</u>	<u>17,373</u>	<u>22,753</u>	<u>606,729</u>	<u>1,739,630</u>	<u>1,085,004</u>
Noncurrent assets										
Restricted cash	728,471	830,243	180,196	-	435,514	25,293	43,136	587,918	2,830,771	2,066,858
Deferred charge	-	2,200,274	-	-	3,377	-	-	-	2,203,651	2,307,965
Total noncurrent assets	<u>728,471</u>	<u>3,030,517</u>	<u>180,196</u>	<u>-</u>	<u>438,891</u>	<u>25,293</u>	<u>43,136</u>	<u>587,918</u>	<u>5,034,422</u>	<u>4,374,823</u>
Property, plant and equipment, net	<u>3,327,733</u>	<u>26,995,211</u>	<u>2,320,540</u>	<u>-</u>	<u>4,100,000</u>	<u>1,234,438</u>	<u>2,621,829</u>	<u>10,176,149</u>	<u>50,775,900</u>	<u>34,583,867</u>
Total assets	<u>\$ 4,098,012</u>	<u>\$ 30,807,503</u>	<u>\$ 2,680,432</u>	<u>\$ -</u>	<u>\$ 4,628,387</u>	<u>\$ 1,277,104</u>	<u>\$ 2,687,718</u>	<u>\$ 11,370,796</u>	<u>\$ 57,549,952</u>	<u>\$ 40,043,694</u>

Spanish Speaking Unity Council of Alameda County, Inc.
 Unity Council Properties Statement of Financial Position
 For The Year Ended September 30, 2020

LIABILITIES AND NET ASSETS

	Las Bougainvilleas	Fruitvale Development Corporation	Casa Velasco Associates	Posada de Colores 501(c)(3)	2700 International	1921 36th Avenue	2022 36th Avenue	2000 36th Avenue	2020 Total	2019 Total
Current liabilities										
Accounts payable and accrued expenses	\$ 80,153	\$ 419,350	\$ 110,772	\$ -	\$ 165,087	\$ 18,950	\$ 31,509	\$ 10,002	\$ 835,823	\$ 430,029
Accrued payroll and benefits	21,996	16,131	1,576	-	-	-	-	-	39,703	7,624
Deferred revenue	960	48,578	-	-	9,020	-	-	-	58,558	23,664
Other current liabilities	18,015	149,748	6,700	-	15,228	10,159	14,986	44,395	259,231	176,249
Current portion of notes payable	-	240,123	7,500	-	-	17,984	28,730	350,011	644,348	521,356
Total current liabilities	<u>121,124</u>	<u>873,930</u>	<u>126,548</u>	<u>-</u>	<u>189,335</u>	<u>47,093</u>	<u>75,225</u>	<u>404,408</u>	<u>1,837,663</u>	<u>1,158,922</u>
Long-term liabilities										
Accrued interest	1,090,535	415,022	506,934	-	33,532	-	-	-	2,046,023	1,910,242
Notes payable, net of current portion	803,000	15,424,168	1,342,500	-	4,475,950	1,218,918	2,625,545	10,774,751	36,664,832	17,742,900
Total long-term liabilities	<u>1,893,535</u>	<u>15,839,190</u>	<u>1,849,434</u>	<u>-</u>	<u>4,509,482</u>	<u>1,218,918</u>	<u>2,625,545</u>	<u>10,774,751</u>	<u>38,710,855</u>	<u>19,653,142</u>
Total liabilities	<u>2,014,659</u>	<u>16,713,120</u>	<u>1,975,982</u>	<u>-</u>	<u>4,698,817</u>	<u>1,266,011</u>	<u>2,700,770</u>	<u>11,179,159</u>	<u>40,548,518</u>	<u>20,812,064</u>
Net assets										
Without donor restrictions	2,083,353	14,094,383	704,450	-	(70,430)	11,093	(13,052)	191,637	17,001,434	19,231,630
Total net assets	<u>2,083,353</u>	<u>14,094,383</u>	<u>704,450</u>	<u>-</u>	<u>(70,430)</u>	<u>11,093</u>	<u>(13,052)</u>	<u>191,637</u>	<u>17,001,434</u>	<u>19,231,630</u>
Total liabilities and net assets	<u>\$ 4,098,012</u>	<u>\$ 30,807,503</u>	<u>\$ 2,680,432</u>	<u>\$ -</u>	<u>\$ 4,628,387</u>	<u>\$ 1,277,104</u>	<u>\$ 2,687,718</u>	<u>\$ 11,370,796</u>	<u>\$ 57,549,952</u>	<u>\$ 40,043,694</u>

Spanish Speaking Unity Council of Alameda County, Inc.
Consolidating Statement of Support, Revenues and Expenses
For The Year Ended September 30, 2020
(With Comparative Totals for the Year Ended September 30, 2019)

	Spanish Speaking Unity Council	Casitas of Hayward	Peralta Service Corporation	Unity Council Properties	Posada de Colores LP	9/30/20 Unconsolidated Balances	Eliminating Entries	2020 Total	2019 Total
Support and revenue									
Government contract revenue	\$ 15,116,479	\$ -	\$ -	\$ -	\$ -	\$ 15,116,479	\$ -	\$ 15,116,479	\$ 14,244,734
Contributions from corporations and businesses	743,195	-	-	-	-	743,195	-	743,195	443,924
Contributions from individuals and other	2,076,355	-	-	243,925	-	2,320,280	(227,021)	2,093,259	167,305
Contributions from foundations	4,950,768	-	374,208	-	-	5,324,976	(374,208)	4,950,768	1,562,347
Grants - agencies and intermediaries	925,814	-	-	-	-	925,814	-	925,814	397,575
Contract revenue	1,014,842	236,339	1,578,874	-	-	2,830,055	(1,638,606)	1,191,449	701,084
Rental revenue	253,954	-	-	5,822,877	2,173,879	8,250,710	(677,298)	7,573,412	7,286,679
Development fees	553,225	-	-	-	-	553,225	(553,225)	-	-
Interest income	19,683	-	-	4,104	4,139	27,926	-	27,926	53,223
Other revenue	432,096	-	3,140	117,196	(20,270)	532,162	(69,788)	462,374	236,709
Total support and revenue	26,086,411	236,339	1,956,222	6,188,102	2,157,748	36,624,822	(3,540,146)	33,084,676	25,093,580
Expenses									
Personnel									
Salaries and wages	10,792,565	-	1,327,737	953,585	265,053	13,338,940	(512,875)	12,826,065	11,542,068
Payroll taxes	820,877	-	125,631	48,016	27,963	1,022,487	-	1,022,487	930,648
Employee benefits	2,042,730	-	176,910	81,970	75,964	2,377,574	-	2,377,574	1,846,241
	13,656,172	-	1,630,278	1,083,571	368,980	16,739,001	(512,875)	16,226,126	14,318,957
Non-Personnel									
Operating expenses	7,107,194	2,505	353,185	7,503,360	1,798,792	16,765,036	(2,178,377)	14,586,659	11,359,039
Other expenses	1,174,092	225,877	8,751	21,947	30,177	1,460,844	(498,894)	961,950	1,848,842
	8,281,286	228,382	361,936	7,525,307	1,828,969	18,225,880	(2,677,271)	15,548,609	13,207,881
Total expenses	21,937,458	228,382	1,992,214	8,608,878	2,197,949	34,964,881	3,190,146	31,774,735	27,526,838
Changes in net assets	4,148,953	7,957	(35,992)	(2,420,776)	(40,201)	1,659,941	(350,000)	1,309,941	(2,433,258)
Net assets, beginning of year	29,177,541	1,746	(1,243,038)	19,422,210	(15,400,964)	31,957,495	(1,934,326)	30,023,169	32,456,427
Net assets, end of year	\$ 33,326,494	\$ 9,703	\$ (1,279,030)	\$ 17,001,434	\$ (15,441,165)	\$ 33,617,436	\$ (2,284,326)	\$ 31,333,110	\$ 30,023,169

Spanish Speaking Unity Council of Alameda County, Inc.
 Unity Council Properties Statement of Support, Revenues and Expenses
 For The Year Ended September 30, 2020

	Las Bougainvilleas	Fruitvale Development Corporation	Casa Velasco Associates	Posada de Colores 501(c)(3)	2700 International	1921 36th Avenue	2022 36th Avenue	2000 36th Avenue	2020 Total	2019 Total
Revenues, gains, and other support										
Contributions from individuals and other	\$ -	\$ 227,021	\$ -	\$ -	\$ 16,904	\$ -	\$ -	\$ -	\$ 243,925	\$ -
Rental revenue	667,029	4,415,893	394,596	-	185,916	47,285	88,154	24,004	5,822,877	5,612,958
Interest income	1,420	2,131	70	481	1	-	-	1	4,104	4,389
Other revenue	25,595	38,727	46,024	-	-	-	-	6,850	117,196	(1,959,093)
Total revenues, gains, and other support	<u>694,044</u>	<u>4,683,772</u>	<u>440,690</u>	<u>481</u>	<u>202,821</u>	<u>47,285</u>	<u>88,154</u>	<u>30,855</u>	<u>6,188,102</u>	<u>3,658,254</u>
Expenses										
Personnel										
Salaries and wages	197,946	729,193	16,371	-	3,675	2,535	3,865	-	953,585	250,215
Payroll taxes	20,607	23,087	3,373	-	341	234	374	-	48,016	24,489
Employee benefits	8,581	62,453	9,612	-	497	374	453	-	81,970	178,076
	<u>227,134</u>	<u>814,733</u>	<u>29,356</u>	<u>-</u>	<u>4,513</u>	<u>3,143</u>	<u>4,692</u>	<u>-</u>	<u>1,083,571</u>	<u>452,780</u>
Non-Personnel										
Operating expenses	774,323	5,319,389	380,872	600,745	268,738	49,932	96,453	12,908	7,503,360	6,825,507
Other expenses	-	2,475	19,403	-	-	8	61	-	21,947	-
	<u>774,323</u>	<u>5,321,864</u>	<u>400,275</u>	<u>600,745</u>	<u>268,738</u>	<u>49,940</u>	<u>96,514</u>	<u>12,908</u>	<u>7,525,307</u>	<u>6,825,507</u>
Total expenses	<u>1,001,457</u>	<u>6,136,597</u>	<u>429,631</u>	<u>600,745</u>	<u>273,251</u>	<u>53,083</u>	<u>101,206</u>	<u>12,908</u>	<u>8,608,878</u>	<u>7,278,287</u>
Changes in net assets	(307,413)	(1,452,825)	11,059	(600,264)	(70,430)	(5,798)	(13,052)	17,947	(2,420,776)	(3,620,033)
Net assets, beginning of year	<u>2,390,766</u>	<u>15,547,208</u>	<u>693,391</u>	<u>600,264</u>	<u>-</u>	<u>16,891</u>	<u>-</u>	<u>173,690</u>	<u>19,422,210</u>	<u>23,042,243</u>
Net assets, end of year	<u>\$ 2,083,353</u>	<u>\$ 14,094,383</u>	<u>\$ 704,450</u>	<u>\$ -</u>	<u>\$ (70,430)</u>	<u>\$ 11,093</u>	<u>\$ (13,052)</u>	<u>\$ 191,637</u>	<u>\$ 17,001,434</u>	<u>\$ 19,422,210</u>

Spanish Speaking Unity Council of Alameda County, Inc.
Statement of Cash Flows - 2000 36th Avenue
For The Year Ended September 30, 2020

Cash flows from operating activities	
Changes in net assets	\$ 17,947
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	6,077
Accounts payable and accrued expenses	10,002
Other liabilities	<u>44,395</u>
Net cash provided by operating activities	<u>78,421</u>
Cash flows from investing activities	
Purchase of property	<u>(10,182,226)</u>
Net cash provided by investing activities	<u>(10,182,226)</u>
Cash flows from financing activities	
Proceeds from debt borrowing	12,092,000
Payments on debt	(967,238)
Proceeds from sponsor equity	<u>173,690</u>
Net cash provided by financing activities	<u>11,298,452</u>
Net increase in cash and restricted cash	1,194,647
Cash and restricted cash, beginning of year	<u>-</u>
Cash and restricted cash, end of year	<u>\$ 1,194,647</u>
Cash, cash equivalents and restricted cash consisted of the following:	
Cash and cash equivalents	\$ 606,729
Restricted cash	<u>587,918</u>
	<u>\$ 1,194,647</u>

Spanish Speaking Unity Council of Alameda County, Inc.
Schedule of Alameda County Awards
For the Year Ended September 30, 2020

	Grantor Contract/Exhibit Number	Federal CFDA Number	Program or Award Dates	Federal Share	State Share	County Share	Total Award Amount	Total Award Expenditures
Senior Support Services & Senior Centers								
Supportive Services and Senior Centers	900210-17559	93.044	7/01/19 - 6/30/20	\$ 15,771	\$ -	\$ 10,763	\$ 26,534	\$ 8,174
Supportive Services and Senior Centers	900210-20627	93.044	7/01/20 - 6/30/21	<u>13,120</u>	<u>-</u>	<u>9,720</u>	<u>22,840</u>	<u>6,473</u>
				<u>28,891</u>	<u>-</u>	<u>20,483</u>	<u>49,374</u>	<u>14,647</u>
CalWorks								
CalWORKs Job Training & Placement Services	900210-16220	93.558	5/1/19 - 6/30/20	189,370	-	88,095	277,465	277,465
CalWORKs Job Training & Placement Services	900210-16220	93.558	7/01/20 - 6/30/21	<u>55,765</u>	<u>-</u>	<u>9,078</u>	<u>64,843</u>	<u>64,843</u>
				<u>245,135</u>	<u>-</u>	<u>97,173</u>	<u>342,308</u>	<u>342,308</u>
Alameda County CalFresh Employment & Training		10.561	10/01/17-9/30/18	<u>1,013</u>	<u>-</u>	<u>-</u>	<u>1,013</u>	<u>1,013</u>
Total				<u>\$ 275,039</u>	<u>\$ -</u>	<u>\$ 117,656</u>	<u>\$ 392,695</u>	<u>\$ 357,968</u>

SINGLE AUDIT REPORTS AND SCHEDULES

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

To the Audit Committee
Spanish Speaking Unity Council of Alameda County, Inc.
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Spanish Speaking Unity Council of Alameda County, Inc. (a California nonprofit corporation) (the "Unity Council"), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Unity Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unity Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unity Council's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unity Council's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Armanino^{LLP}
San Francisco, California

May 12, 2021

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

To the Audit Committee
Spanish Speaking Unity Council of Alameda County, Inc.
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited Spanish Speaking Unity Council of Alameda County, Inc. (a California nonprofit corporation) (the "Unity Council")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Unity Council's major federal programs for the year ended September 30, 2020. The Unity Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Unity Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Unity Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Unity Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Unity Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Unity Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Unity Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Unity Council's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Armanino^{LLP}
San Francisco, California

May 12, 2021

Spanish Speaking Unity Council of Alameda County, Inc.
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2020

	Federal CFDA Number	Grantor/ Pass-through Number	Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Health and Human Services			
Direct			
Administration for Children & Families Office of Community Services			
Early Head Start Expansion	93.600	09CH9173-04	\$ 272,624
Early Head Start Expansion	93.600	09CH011380-01	973,636
Early Head Start Expansion - COVID-19 Funds	93.600	09CH011380-01	15,135
Head Start - Contra Costa County	93.600	09CH010747-01	547,089
Head Start - Contra Costa County	93.600	09CH010747-02	1,484,107
Head Start - Contra Costa County - COVID-19 Funds	93.600	09CH010747-02	74,329
Early Head Start - Contra Costa County	93.600	09CH010747-01	296,342
Early Head Start - Contra Costa County	93.600	09CH010747-02	846,490
Early Head Start - Contra Costa County - COVID-19 Funds	93.600	09CH010747-02	45,465
			<u>4,555,217</u>
Passed through the City of Oakland			
Head Start	93.600	09CH10399-001	1,680,185
Head Start	93.600	09CH10399-001	532,556
Head Start Quality Improvement Funds	93.600	09CH10399-001	8,457
Head Start CARES Act Funds	93.600	09CH10399-001	62,019
Early Head Start	93.600	09CH010399-201	1,840,813
Early Head Start	93.600	09CH010399-201	595,429
Early Head Start Quality Improvement Funds	93.600	09CH010399-201	5,938
Early Head Start CARES Act Funds	93.600	09CH010399-201	25,751
			<u>4,751,147</u>
Passed through the City of Oakland (AC-OCAP)			
Community Services Block Grant	93.569	N/A	<u>5,246</u>
Passed through the County of Alameda			
Special Program for the Aging Title III Part B Grants	93.044	900210-17559	8,174
Special Program for the Aging Title III Part B Grants	93.044	900210-20627	6,473
Alameda County Social Service Agency	93.558	N/A	277,467
Alameda County Social Service Agency	93.558	N/A	64,843
			<u>356,957</u>
Total U.S. Department of Health and Human Services			<u>9,668,567</u>
U.S. Department of Housing & Urban Development			
Direct:			
Posada de Colores LP Project-Based			
Section 8 Housing Assistance Program Rent Subsidy	14.856	121-GG016	<u>1,753,815</u>
Las Bougainvilleas Project-Based			
Section 8 Housing Assistance Program Rent Subsidy	14.856	121-EE061	<u>414,677</u>
Casa Velasco (Casa De Las Flores)			
Section 8 Housing Assistance Program Rent Subsidy	14.856	121-EE061	<u>341,872</u>
Passed through Enterprise Community Partners, Inc. (Section 4 Grant)			
Enterprise Community Partners, Inc Affordable Housing Assistance	14.252		5,348
Pass though City of Oakland - Community Development Block Grant			
	14.218		<u>6,056</u>
			<u>11,404</u>
Total U.S. Department of Housing & Urban Development			<u>2,521,768</u>

Spanish Speaking Unity Council of Alameda County, Inc.
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2020

	Federal CFDA Number	Grantor/ Pass-through Number	Expenditures
U.S. Department of Agriculture			
Passed through the California State Department of Education Child and Adult Care Food Program	10.558	01-1922-3A	285,160
Passed through the County of Alameda Alameda County CalFresh Employment & Training	10.561		1,013
Total U.S. Department of Agriculture			286,173
<u>U.S. Department of Labor</u>			
Passed through the City of Oakland:			
Workforce Investment Act (WIOA) - Sector Access		N/A	286,173
Workforce Investment Act (WIOA) - Sector Access	17.258	N/A	94,477
Workforce Investment Act (WIOA) - Sector Access (Emergency Training	17.258	N/A	4,941
Workforce Investment Act (WIOA) - Sector Access(Nat'l DW Training	17.258	N/A	33,375
Workforce Investment Act (WIOA) - Sector Access(Nat'l DW Grant)	17.258	N/A	5,529
Workforce Investment Act (WIOA) - Youth	17.258	N/A	213,836
Workforce Investment Act (WIOA) - Youth	17.258	N/A	51,028
			689,359
Passed through State of California EDD Workforce Accelerator Funds 7.0	17.258	N/A	81,301
Total U.S. Department of Labor			770,660
<u>U.S. Department of the Treasury</u>			
Passed through United Way of the Bay Area Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	N/A	15,000
Total U.S. Department of Treasury			15,000
Total Expenditures of Federal Awards			\$ 13,262,168
<u>Expenditures of State Awards</u>			
State of California			
California Department of Education			
California State Preschool Program	N/A	CSPP 9024	\$ 712,284
California State Preschool Program	N/A	CSPP 9025	253,024
Center Based General Childcare (Oakland Unified School District)	N/A	CCTR 9010	351,338
Center Based General Childcare (Kidango, Inc.)	N/A	CCTR 9007	73,892
Center Based General Childcare (Kidango, Inc.)	N/A	CCTR 9008	585,052
California State Preschool Program (started 7/1/2020)	N/A	CSPP 0025	209,402
California State Preschool Program (started 7/1/2020)	N/A	CSPP 0026	139,620
Center Based General Childcare (OUSD; started 7/1/2020)	N/A	CCTR 0010	141,075
Center Based General Childcare (started 7/1/2020)	N/A	CCTR 0311	153,634
Total California Department of Education			2,619,321
Total Expenditures of State Awards			\$ 2,619,321

Spanish Speaking Unity Council of Alameda County, Inc.
Notes to Schedule of Expenditures of Federal and State Awards
September 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Spanish Speaking Unity Council of Alameda County, Inc. (the "Unity Council") under programs of the federal government and State of California for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the California Department of Education. Because the Schedule presents only a selected portion of the operations of the Unity Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Unity Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Unity Council has elected to not use the 10% de minimus indirect cost rate for Federal awards. The Unity Council applies indirect costs in accordance with the specific terms for its specific award agreements.

Spanish Speaking Unity Council of Alameda County, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Head Start	93.600
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Spanish Speaking Unity Council of Alameda County, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Spanish Speaking Unity Council of Alameda County, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2020

There were no prior year findings.