



**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**For the Years Ended June 30, 2021 and 2020**



HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
For the Years Ended June 30, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Hacienda Community Development Corporation (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hacienda Community Development Corporation as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

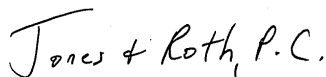
## Other Matters

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022 on our consideration of Hacienda Community Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hacienda Community Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hacienda Community Development Corporation's internal control over financial reporting and compliance.



Jones & Roth, P.C.  
Hillsboro, Oregon  
January 27, 2022

CONSOLIDATED FINANCIAL STATEMENTS

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2021 and 2020

	2021	2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,674,630	\$ 3,436,245
Investments in marketable securities	4,565,483	2,981,510
Grants and accounts receivable	1,632,482	808,504
Prepaid expenses	92,949	70,499
	9,965,544	7,296,758
 Total current assets	 9,965,544	 7,296,758
Receivable from related parties	5,353,251	1,233,865
Restricted cash	1,791,362	2,214,564
Security deposits	170,079	162,468
Intangible assets, net	605,018	675,234
Loan receivable	5,685,715	5,685,715
Other long-term receivables	113,008	171,268
Property and equipment, net	25,311,019	30,867,120
Investments in limited partnerships	512,726	411,866
	49,507,722	48,718,858
<b>Total assets</b>	<b>\$ 49,507,722</b>	<b>\$ 48,718,858</b>

	<u>2021</u>	<u>2020</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 836,914	\$ 693,381
Accrued interest	45,519	77,591
Deferred revenue	137,766	385,291
Line of credit	-	50,000
Current portion of long-term debt	<u>691,775</u>	<u>770,764</u>
Total current liabilities	<u>1,711,974</u>	<u>1,977,027</u>
<b>Non-current liabilities</b>		
Security deposit liability	173,314	168,132
Long-term debt, net of current portion and unamortized debt issuance costs	<u>32,110,883</u>	<u>36,595,680</u>
Total non-current liabilities	<u>32,284,197</u>	<u>36,763,812</u>
Total liabilities	<u>33,996,171</u>	<u>38,740,839</u>
<b>Net assets</b>		
Without donor restrictions:		
Undesignated	10,170,355	4,558,921
Board-designated	<u>603,851</u>	<u>603,851</u>
Total without donor restrictions	10,774,206	5,162,772
With donor restrictions	<u>4,737,345</u>	<u>4,815,247</u>
Total net assets	<u>15,511,551</u>	<u>9,978,019</u>
<b>Total liabilities and net assets</b>	<u>\$ 49,507,722</u>	<u>\$ 48,718,858</u>

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>			
Private gifts and grants	\$ 611,276	\$ 998,905	\$ 1,610,181
Government grants	6,080,044	-	6,080,044
In-kind contributions	35,226	-	35,226
Service revenue	282,989	-	282,989
Rental income	3,748,942	-	3,748,942
Developer fees	1,839,770	-	1,839,770
Interest income	181,694	-	181,694
Gain on sale of assets	1,950,239	-	1,950,239
Other income	141,006	-	141,006
Net assets released from restrictions:			
Satisfaction of purpose restrictions	1,076,807	(1,076,807)	-
 Total revenue and support	 <u>15,947,993</u>	 <u>(77,902)</u>	 <u>15,870,091</u>
<b>Expenses</b>			
Program services	9,001,097	-	9,001,097
Management and general	1,132,224	-	1,132,224
Fundraising	203,238	-	203,238
 Total expenses	 <u>10,336,559</u>	 <u>-</u>	 <u>10,336,559</u>
<b>Change in net assets</b>	5,611,434	(77,902)	5,533,532
Net assets, beginning of year	<u>5,162,772</u>	<u>4,815,247</u>	<u>9,978,019</u>
Net assets, end of year	<u>\$ 10,774,206</u>	<u>\$ 4,737,345</u>	<u>\$ 15,511,551</u>



2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 330,047	\$ 5,126,114	\$ 5,456,161
1,714,485	-	1,714,485
32,796	-	32,796
272,440	-	272,440
3,268,471	-	3,268,471
-	-	-
141,773	-	141,773
-	-	-
182,165	-	182,165
<u>975,547</u>	<u>(975,547)</u>	<u>-</u>
<u>6,917,724</u>	<u>4,150,567</u>	<u>11,068,291</u>
6,446,427	-	6,446,427
1,035,334	-	1,035,334
<u>310,691</u>	<u>-</u>	<u>310,691</u>
<u>7,792,452</u>	<u>-</u>	<u>7,792,452</u>
(874,728)	4,150,567	3,275,839
<u>6,037,500</u>	<u>664,680</u>	<u>6,702,180</u>
<u>\$ 5,162,772</u>	<u>\$ 4,815,247</u>	<u>\$ 9,978,019</u>

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021

	Program Services						Management and General	Fundraising	Total Expenses
	Housing Development	Economic Opportunity	Community Economic Development	Youth and Family Support	Asset Management	Total Program Services			
Payroll and related expenses:									
Salaries and wages	\$ 250,275	\$ 342,294	\$ 311,272	\$ 816,151	\$ 60,979	\$ 1,780,971	\$ 550,365	\$ 115,416	\$ 2,446,752
Benefits and taxes	39,670	84,527	60,118	184,331	13,959	382,605	104,060	14,403	501,068
Total payroll and related expenses	289,945	426,821	371,390	1,000,482	74,938	2,163,576	654,425	129,819	2,947,820
Program supplies	951	11,998	7,567	56,948	340,562	418,026	2,832	4,898	425,756
Direct assistance	-	772,263	270,000	178,479	111,811	1,332,553	2,137	9,878	1,344,568
Travel and related	328	-	-	2,677	919	3,924	1,208	1	5,133
Management fees	-	-	3,828	-	235,519	239,347	-	-	239,347
Marketing and outreach	568	7,596	1,855	474	11,978	22,471	15,360	1,756	39,587
Office supplies and expense	3,371	6,573	9,141	6,363	51,154	76,602	16,525	4,121	97,248
Computer supplies and support	9,925	9,919	7,633	21,043	8,715	57,235	26,256	19,238	102,729
Staff development	5,528	21,060	320	8,868	285	36,061	7,306	2,592	45,959
Professional fees	101,185	76,997	166,573	177,179	33,911	555,845	210,632	17,677	784,154
Rent and utilities	5,147	23,336	193,211	35,072	850,185	1,106,951	23,694	8,035	1,138,680
Insurance	2,157	5,854	11,671	14,823	99,030	133,535	27,956	1,062	162,553
Repairs and maintenance	3,512	15,149	158,224	36,317	871,168	1,084,370	15,984	3,911	1,104,265
Depreciation and amortization	2,200	-	13,814	-	1,157,682	1,173,696	10,346	-	1,184,042
Interest	-	-	13,899	-	547,120	561,019	114,749	-	675,768
Miscellaneous	-	-	11,275	15,218	9,393	35,886	2,814	250	38,950
Total expenses	<u>\$ 424,817</u>	<u>\$ 1,377,566</u>	<u>\$ 1,240,401</u>	<u>\$ 1,553,943</u>	<u>\$ 4,404,370</u>	<u>\$ 9,001,097</u>	<u>\$ 1,132,224</u>	<u>\$ 203,238</u>	<u>\$ 10,336,559</u>

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

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

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

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Cash receipts:		
Private gifts and grants	\$ 1,517,716	\$ 5,479,803
Government grants	5,127,980	1,829,818
Service receipts	235,262	223,298
Rental income	3,655,021	3,261,292
Developer fees	612,356	-
Interest income	153,864	113,943
Other income	141,005	273,204
Total cash receipts	<u>11,443,204</u>	<u>11,181,358</u>
Cash disbursements:		
Payroll and related expenses	2,904,775	2,638,334
Interest expense	707,840	597,553
Other operating expenses	5,274,368	3,005,487
Total cash disbursements	<u>8,886,983</u>	<u>6,241,374</u>
Net cash provided by operating activities	<u>2,556,221</u>	<u>4,939,984</u>
<b>Cash flows from investing activities</b>		
Sale of property and equipment	6,156,739	-
Acquisition of property and equipment	(778,450)	(1,599,135)
Acquisition of equity interest in Villas de Mariposas LP	-	173,390
Receipts (disbursements) from related party receivables	(1,589,001)	162,462
Acquisition of investment in marketable securities	(1,583,973)	(2,981,510)
Investments in limited partnerships	(100,860)	(49)
Net cash provided (used) by investing activities	<u>2,104,455</u>	<u>(4,244,842)</u>
<b>Cash flows from financing activities</b>		
Additions to net loan fees	-	10,761
Net proceeds from (payments on) short-term debt	(50,000)	50,000
Proceeds from long-term debt	250,719	1,925,141
Principal payments on long-term debt	(5,046,212)	(1,350,228)
Net cash provided (used) by financing activities	<u>(4,845,493)</u>	<u>635,674</u>
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<u>(184,817)</u>	<u>1,330,816</u>
Cash and cash equivalents and restricted cash, beginning of year	<u>5,650,809</u>	<u>4,319,993</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 5,465,992</u>	<u>\$ 5,650,809</u>
<b>Supplemental cash flow information</b>		
Cash paid during the year for interest	<u>\$ 707,840</u>	<u>\$ 597,553</u>

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. The Organization**

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

The heart of Hacienda's work is providing safe, stable affordable housing for low-income individuals and families. Hacienda currently has nine affordable housing communities in North and Northeast Portland and Molalla, for a total of 381 affordable homes which house over 1,500 individuals annually. Building new affordable housing to meet the needs of Latino and low-income families is the Organization's top priority. With new housing under construction/in development, Hacienda will more than double the number of affordable homes they offer in the next three years.

Like most affordable housing organizations, Hacienda's housing serves low-income residents who earn less than 60 percent of the area median income. Hacienda provides robust resident services that promote housing stability and build community for the individuals and families who call Hacienda home.

What makes Hacienda different from other affordable housing developers is the suite of culturally specific programs they offer, designed to advance the livability, wellbeing, education, and economic progress of their residents and the Latino community at-large, guided by the values of their own Latino-rich cultural heritage. Hacienda's buildings are more than just housing. They are communities where families can live and thrive.

**Summary of Programs**

*Affordable Residential and Commercial Property Development and Management*

In addition to 9 residential properties, Hacienda developed and operates the administrative office building which includes two commercial spaces; the Portland Mercado, a small business and food services incubator, public market, plaza, and food cart pod; and the Baltazar F. Ortiz Community Center (Ortiz Center), which houses a county health clinic and family resource center.

With 540 new affordable homes in development/construction, Hacienda is a key partner in growing the number of affordable homes available for low-income individuals and families in the region. This includes Las Adelitas, 142 new affordable homes in the Cully neighborhood (opening Fall 2022); Rockwood Village, 224 new affordable homes in Gresham which they are co-developing with Community Development Partners (CDP) (opening September 2021 – February 2022); and The Maples, 175 new affordable homes in Oregon City, also co-developing with CDP (construction scheduled to start Spring 2022).

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. The Organization**, continued

**Summary of Programs**, continued

*Youth and Family Services, continued*

Hacienda's Youth and Family Services Department provides educational and social support to children and parents. The programs they delivered are designed to promote healthy and vibrant parent-child relationships, help children reach their full potential, and give parents the tools to support their child's educational and emotional development. Hacienda's bilingual and bicultural staff, in collaboration with other culturally specific community partners, administer all Youth and Family Support programs which include:

- Expresiones, Hacienda's afterschool and summer program which serves youth grades K-8.
- Niños, Hacienda's early childhood education program, serves Latino children throughout Multnomah County with home visiting, educational workshops, and parenting support groups.
- SUN Youth Advocacy provides culturally appropriate support to at-risk Latino middle-schoolers at George and Beaumont Middle Schools.
- Arrob@s, a new program launched in 2020, is focused on advancing STEM education, digital literacy, and workforce readiness for middle and high school students and adults.
- Resident Services program offers ongoing support to residents to ensure their housing stability with resources such as rent, utility and transportation assistance, and builds connections to resources and the community.

*Economic Opportunity*

Started in 2006, the Economic Opportunity program forms a central piece of Hacienda's strategy to help families build and protect their assets. As a HUD-approved housing counseling agency with a team of certified counselors, Hacienda staff provide financial coaching and work with families one-on-one to assist them in making the best financial choices for their household.

Economic Opportunity includes two major programs:

- The Camino A Casa/Pre-Purchase program prepares prospective homebuyers for owning a first home. Clients work with Hacienda's financial coaches and HUD-certified housing counselors throughout the entirety of the home-buying process. In addition to mortgage-readiness and financial fitness workshops, they provide a number of opportunities for down-payment assistance. Clients can also join Lending Circles to improve their credit, and are assisted with opening Individual Development Accounts (IDA's) which provide 3-1 matching dollars for down payments.
- The Foreclosure Prevention program provides support to homeowners at risk of foreclosure. This is accomplished by means of a holistic and coaching-based approach in which possible solutions for home retention are identified and explored. Services are free of charge.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. The Organization**, continued

**Summary of Programs**, continued

*Mercado Empresarios*

Hacienda's Mercado Empresarios supports entrepreneurs through personalized technical assistance to launch and scale their businesses, focusing on women-, minority- and immigrant-owned businesses.

The centerpiece is the Portland Mercado, a business incubator with 18 on-site businesses and a sliding-scale commercial kitchen. Beyond the walls of the Mercado, Hacienda's bilingual/bicultural business advisors provide one-on-one technical assistance to more than 75 entrepreneurs, host Spanish-language small business bootcamps, a monthly networking seminar and a variety of events and sales opportunities for entrepreneurs. Hacienda's Mercado Empresarios program is a critical part of the BIPOC entrepreneurial landscape in the region, a role that has only grown during the pandemic.

Since the onset of the COVID-19 pandemic, Hacienda expanded its activities to help residents and community members access COVID-19 relief. Staff have engaged in outreach, enrollment, and delivery of a variety of resources including:

- Rent, utility, and mortgage assistance
- Small business grants and technical assistance
- Cash assistance
- Food
- Computers and internet assistance
- COVID-19 health information including co-hosting vaccine clinics; distributing Personal Protective Equipment (PPE); scheduling vaccine appointments and arranging transportation.

**2. Summary of Significant Accounting Policies**

**Recent Accounting Standards Adopted**

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued and clarifying ASUs. Topic 606 and related ASUs supersede previous revenue recognition principles for exchange transactions and establish a core principle requiring the recognition of revenue to depict that transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled for such goods or services. The Organization adopted the new standard effective July 1, 2020, using the full retrospective approach. Based on the Organization's evaluation process and revenue of its contracts with customers, the timing and amount of revenue recognized previously are consistent with how revenue is recognized under the new standard. No change to previously reported net assets was required due to the adoption of the standard, and the adoption has not resulted in the recognition of additional assets or liabilities.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies**, continued

**Basis of Consolidation**

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

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

**Basis of Presentation**

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

**Cash and Cash Equivalents**

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

**Receivables**

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



HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies, continued**

**Property and Equipment**

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

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

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

**Investments in Limited Partnerships**

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

Management reviews the interests in the partnerships for possible impairment in value whenever events or circumstances indicate the carrying value of the investment may not be recoverable. If there was an indication of impairment, management would prepare an estimate of cash flows expected to be collected from the partnership. If these cash flows were less than the investment in the partnership, a loss would be recognized to write down the investment. No such evidence of impairment was noted in the years ended June 30, 2021 and 2020.

**Investments in Marketable Securities**

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

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

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

**Deferred Revenue**

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies**, continued

**Public Support, Revenue, and Other Income**

Public support, revenue, and other income are considered to be available for unrestricted use unless specifically restricted by the donor or funding source. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions.

Rental income is recognized in the month in which services are provided which is considered satisfaction of the performance obligation.

Developer and project management fees are recognized in accordance with the written agreements which define the performance obligations and satisfaction thereof.

Revenue for services is recognized when earned which is at the time the services are provided which is considered satisfaction of the performance obligation.

**In-kind Contributions**

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

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions include \$35,226 and \$32,796 for the years ended June 30, 2021 and 2020, respectively.

**Income Taxes**

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

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

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies**, continued

**Fair Value of Financial Instruments**

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

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

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

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

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

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

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

**Expense Allocation**

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

**Use of Estimates**

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies**, continued

**Liquidity and Availability of Resources**

Hacienda CDC's financial assets available for general expenditure, that is, without donor, board, or other restrictions limiting their use, within one year from the statement of financial position date, include cash and accounts receivable in the amount of \$3,160,775 and \$2,161,036 as of June 30, 2021 and 2020, respectively.

Hacienda has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 90 days of normal operating expenses. Additionally, it has a committed line of credit in the amount of \$500,000, which could be drawn upon in the event of an unanticipated liquidity need. See Note 12.

**3. Restricted Cash**

Restricted cash includes various construction, maintenance, operating, replacement, escrow, and loan reserves required to be maintained according to provisions of debt and other agreements. These reserves totaled \$1,791,362 and \$2,214,564 at June 30, 2021 and 2020, respectively.

**4. Grants and Accounts Receivable**

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

	2021	2020
Grants and contracts receivable:		
Portland Children's Levy	\$ 104,894	\$ 96,577
Latino Network	48,776	37,074
Harbourton Foundation	50,000	100,000
Legacy Health	50,000	100,000
United States Treasury Employee Retention Tax Credit	517,938	-
M.J. Murdock Charitable Trust	125,000	-
Other grants and contracts	311,266	158,770
Accounts receivable	424,608	316,083
Total grants and accounts receivable	\$ 1,632,482	\$ 808,504

**5. Other Long-term Receivables**

During 2014, the Organization entered into a 5-year ground lease agreement with annual lease payments of \$1 per year. The difference between the cash outlay and the fair value of the lease was recognized as a donation and a receivable in the consolidated financial statements as of June 2014 and was expensed on a straight-line basis over the lease term. The lease was renewed during 2019 for an additional 5-year term. The difference between the cash outlay and fair value of the lease, discounted to present value, was recognized as a donation and a receivable in the consolidated financial statements for the year ended June 30, 2019. The balance is being expensed on a straight-line basis over the term of the lease. During the year ended June 30, 2019, the total donation recognized was \$291,300, of which \$113,008 and \$171,268 was a long-term receivable as of June 30, 2021 and 2020, respectively.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**6. Receivable from Related Parties**

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

Related Party/Security	Monthly Payment	Interest Rate	Maturity Date	2021	2020
<b>Notes receivable: (Note 10)</b>					
Clara Vista Townhomes LP:					
Subordinate trust deed on real property	(a)	3.00%	Dec 2045	\$ 186,755	\$ 186,755
Miraflores Development LP:					
Trust deed on real property	(a)	3.00%	Jun 2048	65,000	65,000
Trust deed on real property	(a)	4.35%	Dec 2040	396,379	396,379
Las Adelitas LP:					
Subordinate trust deed on real property	(a)	2.25%	Dec 2071	<u>2,725,132</u>	<u>-</u>
Total notes receivable				<u>3,373,266</u>	<u>648,134</u>
<b>Development fees receivable:</b>					
Las Adelitas LP				<u>1,227,414</u>	<u>-</u>
<b>Management fees receivable:</b>					
Clara Vista Townhomes LP				405,237	364,946
Miraflores Development LP				<u>35,870</u>	<u>20,220</u>
Total management fees receivable				<u>441,107</u>	<u>385,166</u>
<b>Accrued interest:</b>					
Clara Vista Townhomes LP				21,594	12,956
Miraflores Development LP				<u>135,411</u>	<u>116,219</u>
Total accrued interest				<u>157,005</u>	<u>129,175</u>
<b>Other accounts receivable:</b>					
Clara Vista Townhomes LP				36,402	33,972
Las Adelitas LP				80,840	-
Other				<u>37,217</u>	<u>37,418</u>
Total other accounts receivable				<u>154,459</u>	<u>71,390</u>
Total accounts receivable from related parties				<u>\$ 5,353,251</u>	<u>\$ 1,233,865</u>

(a) Interest accrues; principal and interest payments are cash flow dependent.

**7. Intangible Assets**

At June 30, intangible assets consisted of the following:

	2021	2020
Tax credit financing and professional fees	\$ 1,071,714	\$ 1,071,714
Accumulated amortization	<u>(466,696)</u>	<u>(396,480)</u>
Intangible assets, net	<u>\$ 605,018</u>	<u>\$ 675,234</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**8. Loan Receivable**

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

**9. Property and Equipment**

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

	2021	2020
Land and land improvements	\$ 4,155,566	\$ 4,155,566
Building and improvements	32,565,767	32,557,121
Furniture and equipment	941,391	881,107
Construction in process	942,208	5,485,733
	38,604,932	43,079,527
Accumulated depreciation	(13,293,913)	(12,212,407)
Property and equipment, net	\$ 25,311,019	\$ 30,867,120

**10. Investments in Limited Partnerships and Limited Liability Companies**

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

Organization	Disregarded Entity	Entity Type	Ownership Percentage	Property Size	Property Type
<i>Direct ownership:</i>					
Villas de Mariposas LP <sup>(a)</sup>			0.01%	71 units	Multi-family
<i>Indirect ownership:</i>					
Clara Vista Townhomes LP	HCDC IV, LLC	LLC	0.01%	44 units	Multi-family
Miraflores Development LP	Miraflores GP, LLC	LLC	0.01%	32 units	Multi-family
Rockwood 10 LP	Hacienda Rockwood, LLC	LLC	0.0049%	224 units	Multi-family
Las Adelitas LP	Las Adelitas GP, LLC	LLC	0.009%	142 units	Multi-family

<sup>(a)</sup> Until December 31, 2019. See Note 18.

*Villas de Mariposas Limited Partnership*

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

*Clara Vista Townhomes Limited Partnership*

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

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

*Miraflores Development Limited Partnership*

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

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

*Rockwood 10 Limited Partnership*

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

*Las Adelitas Limited Partnership*

In October 2020, Las Adelitas Limited Partnership was formed to acquire, develop, own, and operate Las Adelitas, a 142-unit, low-income housing project located in Portland, Oregon. In October 2020, Las Adelitas GP, LLC was formed to become a General Partner for Las Adelitas Limited Partnership. The partnership will terminate no later than December 31, 2120.

As part of the formation of Las Adelitas Limited Partnership in March 2021, the Organization received several grants for the development of the project. The Organization, in turn, loaned these funds to Las Adelitas LP (Note 6).

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

	<u>2021</u>	<u>2020</u>
Clara Vista Townhomes LP	\$ 18,968	\$ 18,668
Miraflores Development LP	393,649	393,149
Rockwood 10 LP	49	49
Las Adelitas LP	<u>100,060</u>	<u>-</u>
 Total investments in limited partnerships and limited liability companies	 <u>\$ 512,726</u>	 <u>\$ 411,866</u>

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

Summary financial information of the limited partnerships as compiled from their December 31, 2020, audited financial statements is as follows:

	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Net Loss</u>
Clara Vista Townhomes LP	\$ 4,809,208	\$ 3,404,650	\$ (156,819)
Miraflores Development LP	6,136,608	2,036,713	(148,892)

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

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

Summary financial information of Rockwood 10 LP as of December 31, 2020 is as follows. This entity was not subject to an audit and amounts were obtained from the December 31, 2020 federal Form 1065 tax return.

	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Net Loss</u>
Rockwood 10 LP	\$ 24,423,934	\$ 19,021,300	\$ -

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

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



HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Summary financial information of Las Adelitas LP as of June 30, 2021 are as follows. Amounts were obtained from the entity's internally prepared, unaudited financial statements.

	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Net Loss</u>
Las Adelitas LP	\$ 16,240,027	\$ 12,927,432	\$ (62)

**11. Investments in Marketable Securities**

The Organization's investments are stated at fair value measured using Level 1 inputs (see Note 2). The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	<u>Assets at Fair Value as of June 30, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 4,565,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,565,483</u>

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

**12. Operating Line of Credit**

The Organization has a \$500,000 unsecured line of credit with Wells Fargo Bank that matures April 1, 2022. The interest rate was prime plus 1.5 percent and a minimum interest rate of 5.0 percent. The interest rate as of June 30, 2021 and 2020 was 5.0 percent. There was \$0- and \$50,000 outstanding advances on the line at June 30, 2021 and 2020, respectively.

**13. Long-term Debt**

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

<u>Lender/Property Security</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2021 Loan Balance</u>	<u>2020 Loan Balance</u>
Portland Housing Bureau:					
Los Jardines (equity gap)	(a)	0.00%	Dec 2052	\$ 296,345	\$ 296,345
Los Jardines	(a)	3.00%	Jan 2033	263,678	263,678
Los Jardines	1,979	2.81%	Mar 2032	277,449	298,782
Plaza de Cedros (equity gap)	(a)	0.00%	Upon sale	231,258	231,258
Miraflores	(a)	0.00%	Dec 2040	348,433	348,433
Villa de Clara Vista	(a)	0.00%	May 2050	5,113,396	5,113,396
Villa de Clara Vista	713	1.00%	May 2029	67,053	71,449
Villa de Sueños (equity gap)	(a)	0.00%	Aug 2029	117,901	117,901

**HACIENDA COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. Long-term Debt, continued**

<u>Lender/Property Security</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2021 Loan Balance</u>	<u>2020 Loan Balance</u>
Portland Housing Bureau, continued:					
Villa de Sueños (equity gap)	(a)	0.00%	None	1,125,000	1,125,000
Villa de Sueños	4,545	4.00%	Jun 2031	454,743	496,108
Villa de Sueños	(a)	0.00%	Jun 2041	692,330	692,330
Vista de Rosas	(a)	0.00%	Mar 2045	1,332,996	1,332,996
Vista de Rosas	5,627	5.00%	Mar 2035	1,032,791	1,050,760
Hacienda Office Building	12,113	5.00%	Sept 2035	2,237,121	2,269,725
Las Adelitas	(d)	0.00%	Sept 2021	-	785,692
Villas de Mariposas	3,056	3.00%	Feb 2035	425,244	439,055
Villas de Mariposas	(a)	0.00%	Feb 2045	264,326	268,345
Prosper Portland:					
Portland Mercado	(a)	0.00%	May 2025	395,123	395,123
Portland Mercado	2,466	3.25%	May 2025	434,773	437,023
Living Cully Plaza/Las Adelitas	Interest only	3.25%	Sept 2020	-	289,123
Network for Oregon Affordable Housing:					
Plaza de Cedros	2,015	3.75%	Sep 2034	252,123	266,551
Los Jardines	8,527	4.17%	Jan 2033	938,772	1,000,547
Villas de Mariposas	16,618	5.21%	June 2035	1,979,039	2,072,687
USDA:					
Plaza Los Robles	1,990	1.00%	Oct 2039	401,576	421,337
Plaza Los Robles	1,228	1.00%	Oct 2039	247,796	259,990
Clackamas County:					
Plaza Los Robles	(a)	0.00%	Upon sale	400,000	400,000
Beneficial State Bank:					
Baltazar Ortiz Center	7,153	4.50%	June 2028	1,189,386	1,220,186
Villa de Sueños	3,234	4.00%	Sept 2049	651,844	663,950
Wells Fargo Bank:					
Unsecured	Interest only	2.00%	Nov 2024	250,000	250,000
Partnerships of Hope VIII, LLC:					
Hacienda QALICB	(b)	1.00%	Dec 2044	7,063,000	7,063,000
Hacienda QALICB	(c)	1.00%	Dec 2044	2,637,000	2,637,000
Raza Development Fund, Inc.:					
Villa de Clara Vista	16,798	6.50%	Jul 2023	1,746,305	1,795,137
Living Cully Plaza/Las Adelitas	Interest only	6.00%	Jul 2021	-	3,045,061
Other loans	126	3.00%	Feb 2034	15,593	72,603
				<u>32,882,394</u>	<u>37,490,571</u>
Unamortized debt issuance costs				<u>(79,736)</u>	<u>(124,127)</u>
Long-term debt, net of unamortized debt issuance costs				<u>\$ 32,802,658</u>	<u>\$ 37,366,444</u>
				<u>2021</u>	<u>2020</u>
Current portion				\$ 691,775	\$ 770,764
Long-term portion				32,190,619	36,719,807
Unamortized debt issuance costs				<u>(79,736)</u>	<u>(124,127)</u>
Long-term debt, net of unamortized debt issuance costs				<u>\$ 32,802,658</u>	<u>\$ 37,366,444</u>

(a) Repayment based upon excess cash flow.

(b) Quarterly interest only payments through December 2021; thereafter quarterly principal and interest of \$86,034.

(c) Quarterly interest only payments through December 2021; thereafter quarterly principal and interest of \$32,121.

(d) Paid in full in March, 2021.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**13. Long-term Debt, continued**

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

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

<u>Year Ending June 30,</u>	
2022	\$ 691,775
2023	905,866
2024	2,468,830
2025	1,731,662
2026	882,409
Thereafter	18,399,451
Cash flow contingent payments	<u>7,802,401</u>
Total	<u>\$ 32,882,394</u>

Included in the future principal payments thereafter in the schedule above are \$2,118,937 of equity-gap loans at June 30, 2021 and 2020.

**Loan Covenants**

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

**14. Board-designated Net Assets**

Board-designated net assets as of June 30, 2021 and 2020, totaled \$603,851, and are cash reserves being held for future use.

**15. Net Assets with Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Community economic development	\$ 275,499	\$ 260,166
Youth and family support	3,986,048	4,192,333
Economic opportunity	16,357	24,968
Capacity building	97,458	53,983
Housing development	356,922	273,769
Other purpose restriction	<u>5,061</u>	<u>10,028</u>
Total net assets with donor restrictions	<u>\$ 4,737,345</u>	<u>\$ 4,815,247</u>

As of June 30, 2021 and 2020, there were no donor restricted funds held in perpetuity.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**16. Retirement Plan**

The Organization has a tax-deferred retirement plan pursuant to Section 404(c) of the Internal Revenue Code. The Board determines the Organization's match percentage annually, approving 2 percent for the years ended June 30, 2021 and 2020. Contributions to the plan for the years ended June 30, 2021 and 2020, totaled approximately \$39,000 and \$35,000, respectively.

**17. Related Party Transactions**

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

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

The table below summarizes revenues earned for the year ended June 30, 2021:

	Resident Services Fees	Asset Management Fees	Interest Income	Developer Fees and Other Misc.	Total
Clara Vista Townhomes LP	\$ 24,251	\$ 31,627	\$ 8,638	\$ 5,106	\$ 69,622
Miraflores Development LP	8,206	14,050	19,192	-	41,448
Las Adelitas LP	-	-	-	1,839,770	1,839,770
	<u>\$ 32,457</u>	<u>\$ 45,677</u>	<u>\$ 27,830</u>	<u>\$ 1,844,876</u>	<u>\$ 1,950,840</u>

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

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

**Other**

The Organization maintains cash accounts and has outstanding loans with financial institutions at which former Board members are employed. Total balances at those banks were approximately \$0- and \$1,406,000 at June 30, 2021 and 2020, respectively, and the outstanding loan balances were approximately \$250,000 and \$300,000 at June 30, 2021 and 2020, respectively.

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**18. Assignment of Partnership Interest**

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

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

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**19. Concentrations and Credit Risk**

The Organization maintains its cash balances in several financial institutions located in Portland, Oregon. The balances in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of the federally insured limits were approximately \$3,098,000 and \$3,091,000 at June 30, 2021 and 2020, respectively.

For the year ended June 30, 2021, approximately 15 percent of total revenue was from one funding source. For the year ended June 30, 2020, approximately 36 percent of total revenue was from one funding source. Receivables disclosed in Note 4 are concentrated with approximately 32 percent from one funding source and 37 percent from three funding sources at June 30, 2021 and 2020, respectively.

**20. Commitments and Contingencies**

**Grants and Contracts**

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

**Grant and Loan Restrictions**

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

**Tax Benefits Guarantees**

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

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

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

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**20. Commitments and Contingencies, continued**

**Plaza de Cedros**

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

**Plaza Los Robles**

Under the USDA grant and loan agreement, the Organization was required to establish a reserve account and deposit \$30,000 at the time the USDA loan and grant were closed. In addition, the Organization was also required to deposit \$2,084 monthly beginning January 2008 until the amount in the reserve account reaches \$250,000. The funds are to be held as security for the loan and grant obligations. As of June 30, 2021 and 2020, the Organization was in compliance. This amount is included in restricted cash in the accompanying consolidated statements of financial position.

**Other Obligations**

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

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

**21. Lease Commitments**

The Organization leases equipment under several operating leases ending at various times through July 2024. Total rent expense related to these leases approximated \$13,000 and \$24,000 for the years ended June 30, 2021 and 2020, respectively. The Organization also has in-kind rent for use of facilities, for which they recognized in-kind rent expense of approximately \$58,300 for the years ended June 30, 2021 and 2020.

Total future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 13,296
2023	9,796
2024	1,296
Thereafter	<u>-</u>
Total	<u>\$ 24,388</u>

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**22. Supplemental Cash Flow Information**

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

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,533,532	\$ 3,275,839
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,184,042	1,156,935
Amortization of debt issuance costs (included in interest expense)	44,391	16,062
Pass-through income from limited partnerships	-	48
Gain on sale of property and equipment	(1,950,239)	-
Loss on disposal of assets	41,075	-
Debt forgiveness	(66,948)	-
(Increase) decrease in:		
Grants, accounts, and related party receivables	(2,068,689)	(114,876)
Prepaid expenses	(30,061)	29,544
Increase (decrease) in:		
Accounts payable and accrued expenses	116,643	251,853
Deferred revenue	<u>(247,525)</u>	<u>324,579</u>
Net cash provided by operating activities	<u>\$ 2,556,221</u>	<u>\$ 4,939,984</u>

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

**Supplemental disclosure of noncash financing transactions**

	<u>2021</u>	<u>2020</u>
Total proceeds from issuance of long-term debt	\$ -	\$ 4,723,098
Assumption of long-term debt	<u>-</u>	<u>(2,797,957)</u>
Total cash proceeds from issuance of long-term debt	<u>\$ -</u>	<u>\$ 1,925,141</u>
Total principal payments long-term debt	\$ 5,113,160	\$ -
Non-cash forgiveness of long-term debt	<u>(66,948)</u>	<u>-</u>
Total cash principal payments on long-term debt	<u>\$ 5,046,212</u>	<u>\$ -</u>



HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**23. Supplemental Cash Flow Information**

**Supplemental disclosure of noncash investing transactions**

	<u>2021</u>	<u>2020</u>
Total acquisition of property and equipment	\$ 778,450	\$ 4,397,092
Noncash assumption of property and equipment	<u>-</u>	<u>(2,797,957)</u>
Total cash paid for property and equipment	<u>\$ 778,450</u>	<u>\$ 1,599,135</u>

**24. Uncertainties**

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

**25. Subsequent Events**

On November 17, 2021, essentially all Hacienda QALICB, LLC operations were terminated as part of an acquisition transaction on the part of Hacienda CDC.

The transaction involved a series of events initiated by the tax credit investor exercising its put options such that Hacienda CDC acquired ownership of the federal and state investment fund entities previously owned by the tax credit investor. Once acquired, Hacienda CDC took actions such that:

- Various loans to the QALICB were forgiven or satisfied.
- The assets of the QALICB were transferred to Hacienda CDC.
- All related leases, and employment and service agreements between Hacienda CDC and the QALICB were terminated.

The final steps with the unwind were in process as of the date of the independent auditor's report. The net financial impact to Hacienda CDC is expected to be an approximately \$3,000,000 net debt forgiveness income.

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

SUPPLEMENTAL INFORMATION

HACIENDA COMMUNITY DEVELOPMENT CORPORATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2021

	Hacienda Community Development Corporation					
	Core Activities	Plaza de Cedros	Plaza los Robles	Ortiz Center	Villa de Clara Vista	Villa de Sueños
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 2,658,893	\$ 2,585	\$ 7,367	\$ 126,076	\$ 303,497	\$ 155,289
Investments in marketable securities	4,565,483	-	-	-	-	-
Grants and accounts receivable	1,485,935	6,042	4,644	7,456	60,403	6,940
Prepaid expenses	26,394	1,531	3,668	2,606	15,087	5,520
Total current assets	8,736,705	10,158	15,679	136,138	378,987	167,749
Receivable from related parties	9,736,203	-	-	32,191	15,860	-
Restricted cash	25,927	37,534	305,888	95,667	387,260	227,197
Security deposits	-	5,915	16,348	-	37,109	11,296
Intangible assets, net	-	-	-	10,498	-	10,263
Loan receivable	-	-	-	-	-	-
Other long-term receivables	113,008	-	-	-	-	-
Property and equipment, net	1,708,513	439,088	3,687,417	1,453,295	1,126,001	1,895,243
Long-term ground lease	-	-	-	-	-	-
Investments in limited partnerships	5,341,573	-	-	-	-	-
<b>Total assets</b>	<b>\$ 25,661,929</b>	<b>\$ 492,695</b>	<b>\$ 4,025,332</b>	<b>\$ 1,727,789</b>	<b>\$ 1,945,217</b>	<b>\$ 2,311,748</b>
<b>Liabilities and Net Assets</b>						
<b>Current liabilities</b>						
Accounts payable and accrued expenses	\$ 641,901	\$ 4,086	\$ 25,766	\$ 8,225	\$ 66,730	\$ 139,591
Accrued interest	9,321	827	541	1,406	9,515	72,931
Deferred revenue	114,069	-	-	-	16,588	4,401
Line of credit	-	-	-	-	-	-
Current portion of long-term debt	34,415	16,062	32,275	32,186	102,333	49,669
Total current liabilities	799,706	20,975	58,582	41,817	195,166	266,592
<b>Non-current liabilities</b>						
Security deposit liability	794	5,915	16,348	2,440	37,109	11,296
Deferred revenue, ground lease	801,114	-	-	-	-	-
Long-term debt, net of current portion and unamortized debt issuance costs	4,453,205	512,913	1,017,098	1,147,610	6,818,249	3,297,694
Total non-current liabilities	5,255,113	518,828	1,033,446	1,150,050	6,855,358	3,308,990
Total liabilities	6,054,819	539,803	1,092,028	1,191,867	7,050,524	3,575,582
<b>Net assets (deficit)</b>						
Without donor restrictions:						
Undesignated	14,265,914	(47,108)	2,933,304	535,922	(5,105,307)	(1,263,834)
Board-designated	603,851	-	-	-	-	-
Total without donor restrictions	14,869,765	(47,108)	2,933,304	535,922	(5,105,307)	(1,263,834)
With donor restrictions	4,737,345	-	-	-	-	-
Total net assets (deficit)	19,607,110	(47,108)	2,933,304	535,922	(5,105,307)	(1,263,834)
<b>Total liabilities and net assets</b>	<b>\$ 25,661,929</b>	<b>\$ 492,695</b>	<b>\$ 4,025,332</b>	<b>\$ 1,727,789</b>	<b>\$ 1,945,217</b>	<b>\$ 2,311,748</b>

<u>Vista de Rosas</u>	<u>Los Jardines de la Paz</u>	<u>Villas de Mariposas</u>	<u>Portland Mercado</u>	<u>Hacienda QALICB</u>	<u>Comunidad Viva</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
\$ 48,645	\$ 220,727	\$ 14,565	\$ 38,056	\$ 18,973	\$ 79,957	\$ -	\$ 3,674,630
-	-	-	-	-	-	-	4,565,483
5,740	14,806	31,826	8,591	99	-	-	1,632,482
3,991	11,288	14,574	3,292	4,999	-	(1)	92,949
58,376	246,821	60,965	49,939	24,071	79,957	(1)	9,965,544
(103)	-	-	936,802	1,884	539,350	(5,908,936)	5,353,251
160,902	203,437	286,791	32,426	28,333	-	-	1,791,362
9,496	30,093	43,991	15,831	-	-	-	170,079
-	-	-	-	584,257	-	-	605,018
-	-	-	-	-	5,685,715	-	5,685,715
-	-	-	-	-	-	-	113,008
3,042,534	4,731,484	2,665,593	9,727	5,819,181	-	(1,267,057)	25,311,019
-	-	-	-	801,114	-	(801,114)	-
-	-	-	-	-	(120,108)	(4,708,739)	512,726
<u>\$ 3,271,205</u>	<u>\$ 5,211,835</u>	<u>\$ 3,057,340</u>	<u>\$ 1,044,725</u>	<u>\$ 7,258,840</u>	<u>\$ 6,184,914</u>	<u>\$ (12,685,847)</u>	<u>\$ 49,507,722</u>
\$ 51,901	\$ 104,595	\$ 203,473	\$ 30,084	\$ -	\$ -	\$ (439,438)	\$ 836,914
4,303	311,492	9,655	2,372	-	-	(376,844)	45,519
2,708	-	-	-	-	-	-	137,766
-	-	-	-	-	-	-	-
16,252	80,959	123,372	16,207	188,045	-	-	691,775
75,164	497,046	336,500	48,663	188,045	-	(816,282)	1,711,974
9,496	30,093	43,991	15,832	-	-	-	173,314
-	-	-	-	-	-	(801,114)	-
2,349,535	4,925,688	2,510,706	813,689	9,505,831	-	(5,241,335)	32,110,883
2,359,031	4,955,781	2,554,697	829,521	9,505,831	-	(6,042,449)	32,284,197
2,434,195	5,452,827	2,891,197	878,184	9,693,876	-	(6,858,731)	33,996,171
837,010	(240,992)	166,143	166,541	(2,435,036)	6,184,914	(5,827,116)	10,170,355
-	-	-	-	-	-	-	603,851
837,010	(240,992)	166,143	166,541	(2,435,036)	6,184,914	(5,827,116)	10,774,206
-	-	-	-	-	-	-	4,737,345
837,010	(240,992)	166,143	166,541	(2,435,036)	6,184,914	(5,827,116)	15,511,551
<u>\$ 3,271,205</u>	<u>\$ 5,211,835</u>	<u>\$ 3,057,340</u>	<u>\$ 1,044,725</u>	<u>\$ 7,258,840</u>	<u>\$ 6,184,914</u>	<u>\$ (12,685,847)</u>	<u>\$ 49,507,722</u>

**HACIENDA COMMUNITY DEVELOPMENT CORPORATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2021

	Hacienda Community Development Corporation					
	Core Activities	Plaza de Cedros	Plaza los Robles	Ortiz Center	Villa de Clara Vista	Villa de Sueños
<b>Revenue and support</b>						
Private gifts and grants	\$ 1,684,800	\$ -	\$ -	\$ -	\$ -	\$ -
Government grants	6,070,993	-	-	-	-	-
In-kind contributions	34,626	-	-	-	-	-
Service revenue	518,093	-	-	-	-	-
Rental income	15,009	72,440	234,274	225,046	1,055,241	373,629
Developer fees	1,839,770	-	-	-	-	-
Interest income	161,765	12	25	327	35	262
Gain sale disposal of assets	1,950,239	-	-	-	-	-
Other income (loss)	1,925,117	691	12,199	-	37,988	6,205
Intercompany transfer of revenue	(4,525,774)	-	-	-	-	-
<b>Total revenue and support</b>	<u>9,674,638</u>	<u>73,143</u>	<u>246,498</u>	<u>225,373</u>	<u>1,093,264</u>	<u>380,096</u>
<b>Expenses</b>						
Program services	2,279,859	85,587	313,715	197,921	1,380,499	383,976
Management and general	1,116,747	-	-	-	-	-
Fundraising	203,238	-	-	-	-	-
<b>Total expenses</b>	<u>3,599,844</u>	<u>85,587</u>	<u>313,715</u>	<u>197,921</u>	<u>1,380,499</u>	<u>383,976</u>
<b>Change in net assets</b>	6,074,794	(12,444)	(67,217)	27,452	(287,235)	(3,880)
Net assets, beginning of year	13,633,427	(34,664)	3,000,521	505,998	(4,825,547)	(1,260,254)
Equity transfer	(101,111)	-	-	2,472	7,475	300
<b>Net assets, end of year</b>	<u>\$ 19,607,110</u>	<u>\$ (47,108)</u>	<u>\$ 2,933,304</u>	<u>\$ 535,922</u>	<u>\$ (5,105,307)</u>	<u>\$ (1,263,834)</u>

<u>Vista de Rosas</u>	<u>Los Jardines de la Paz</u>	<u>Villas de Mariposas</u>	<u>Portland Mercado</u>	<u>Hacienda QALICB</u>	<u>Comunidad Viva</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
\$ -	\$ -	\$ -	\$ 10,381	\$ -	\$ -	\$ (85,000)	\$ 1,610,181
1,551	-	-	7,500	-	-	-	6,080,044
-	-	-	-	-	600	-	35,226
-	-	-	-	-	-	(235,104)	282,989
249,074	543,248	804,551	232,781	80,392	-	(136,743)	3,748,942
-	-	-	-	-	-	-	1,839,770
13	16	49	13	-	81,971	(62,794)	181,694
-	-	-	-	-	-	-	1,950,239
4,476	2,060	2,289	12,431	-	98,023	(1,960,473)	141,006
-	-	-	-	4,525,774	-	-	-
<u>255,114</u>	<u>545,324</u>	<u>806,889</u>	<u>263,106</u>	<u>4,606,166</u>	<u>180,594</u>	<u>(2,480,114)</u>	<u>15,870,091</u>
361,852	625,889	800,718	375,228	2,636,403	-	(440,550)	9,001,097
-	-	-	-	10,237	87,959	(82,719)	1,132,224
-	-	-	-	-	-	-	203,238
<u>361,852</u>	<u>625,889</u>	<u>800,718</u>	<u>375,228</u>	<u>2,646,640</u>	<u>87,959</u>	<u>(523,269)</u>	<u>10,336,559</u>
(106,738)	(80,565)	6,171	(112,122)	1,959,526	92,635	(1,956,845)	5,533,532
942,041	(162,473)	152,758	180,024	(2,048,970)	6,092,279	(6,197,121)	9,978,019
1,707	2,046	7,214	98,639	(2,345,592)	-	2,326,850	-
<u>\$ 837,010</u>	<u>\$ (240,992)</u>	<u>\$ 166,143</u>	<u>\$ 166,541</u>	<u>\$ (2,435,036)</u>	<u>\$ 6,184,914</u>	<u>\$ (5,827,116)</u>	<u>\$ 15,511,551</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Hacienda Community Development Corporation (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, 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 January 27, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in black ink that reads "Jones & Roth, P.C." with a stylized, cursive font.

Jones & Roth, P.C.  
Hillsboro, Oregon  
January 27, 2022